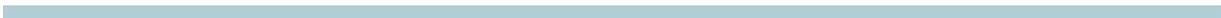


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## **OVERVIEW OF THE MUNICIPALITY**

Makana Municipality is located in the Eastern Cape Province on the south –eastern seaboard of South Africa. With the cities of Port Elizabeth 120km to the west and East London 180 km to the Makana Municipality is strategically situated between two of the province’s largest industrial centre. Both coastal cities are serve by well equipped container ports and have major airpots linking them to Cape Town, Durban and Johannesburg.

Makana Municipality consists of 12 ward in which 3 are found in the rural areas of the Municipality.

Towns and Villages of Makana Municipality:

### **Grahamstown:**

At the heart of Makana Municipality lies the city of Grahamstown, situated 55 km from the coast and 535 m above sea level, Grahamstown is famous as one of the leading cultural, educational, tourist centres and host of National Arts Festival in South Africa.

### **Alicedale:**

Owing its existence to the development of the railways, the station at Alicedale is a vital link between the Makana region and the main railway line between Port Elizabeth and Johannesburg

### **Salem:**

The Methodist Church founded Salem in the mid 1820s. It is famous for its many fine buildings and also for the historic negotiations between Richard Gush and the approaching Xhosa during the War of Hintsa, when the Xhosa agree to leave village in peace.

### **Riebeeck East:**

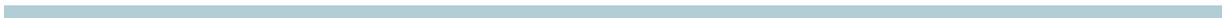
The Dutch Reformed Church established the village of Riebeeck East in 1830 on the farm Mooimeisiesfontein, the home of the famous Voortrekker leader Piet Retief, Riebeeck East is now in the midst of a game and sheep farming area and offers many attractions and hiking trails through the surrounding diverse and beautiful hills.

### **Seven Fountains:**

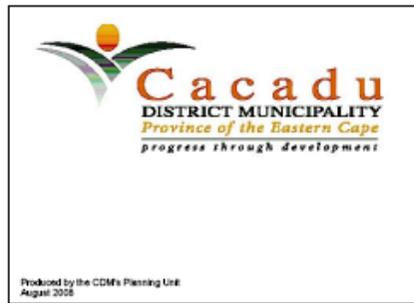
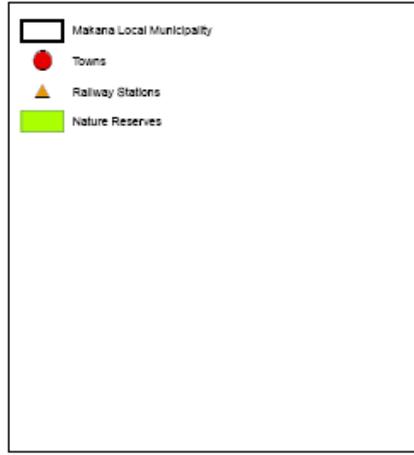
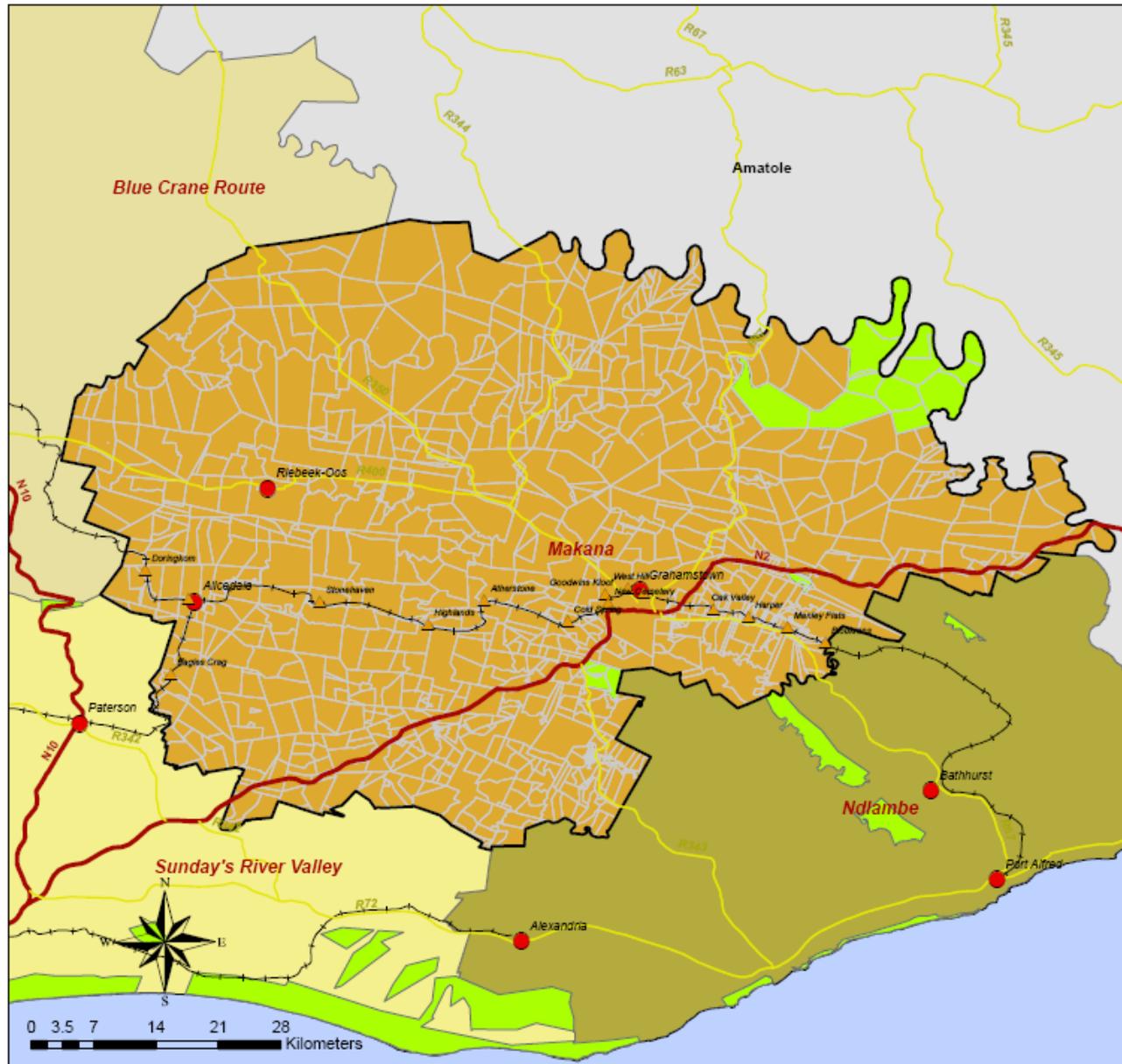
This farmers’ community derived its name from seven springs located on different farms in area.

### **Fort Brown:**

Established as a military post in 1817, the gun tower and adjoining walls of the fort, overlooking the Great Fish River and central to a number of major game reserves, are a national monument.



# MAKANA LOCAL MUNICIPALITY



## Vision

Makana Municipality shall strive to ensure sustainable, affordable, equitable, and quality service in a just, friendly, secure and healthy environment, which promotes social and economic growth for all.

## Mission

We recognise that our Mission (the main reason for the existence of our Municipality, and therefore every job within it) is to attain our Vision, satisfy the needs of our stakeholders, particularly those listed below and efficiently and effectively provide the services required by legislation.

### (1) The Council

Efficient, effective, honest, and dedicated Councillors and Employees.

Customers (Ratepayers, Residents and Visitors)

### (2) Employees

Fairness, equity, security, feedback, trust, support and fair play

### (3) Co-workers

Mutual respect, trust, support, teamwork, information and knowledge  
sharing & honesty.

### (4) Suppliers

A fair and equitable procurement policy, payment on time, consistency, a safe clean environment, ethical governance and operations.

## Our Values

Value	Behaviours
Honesty	We are corruption free
Transparency	We are open and communicate freely
Quality	We are committed to a culture in which we continuously strive for excellence
Participatory Democracy	We ensure maximum involvement of all stakeholders in all our activities.
Accountability	We are answerable for our actions.
Professionalism	We practice the highest standards applicable to our work, and we embrace humility, discipline and respect.

---

## CHAPTER ONE PLANNING PROCESS

### 1.1. IDP OVERVIEW

This document represents the Makana Municipality's Integrated Development Plan (IDP) 2007 – 2012.(review cycle 2009). IDP's are compiled in terms of the requirements of chapter 5 of the Municipal Systems Act (MSA) (Act 32 of 2000). Section 25 of the MSA states inter-alia the following:

“Each municipal council must, within a prescribed period after the start of its elected term, adopt a single inclusive and strategic plan for the development of the municipality which-

- a) links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- b) aligns the resources and capacity of the municipality with the implementation of the plan;
- c) forms the policy framework and general basis on which annual budgets must be based;
- d) complies with the provisions of the chapter ;and
- e) is compatible with National and Provincial development plans and planning requirements binding on the municipality in terms of legislation”.
- f)

As far as the annual review and amendments of Integrated Development Plan (IDP) a municipal council-

- a) must review its IDP
  - (i) annually in accordance with an assessment of its performance measurements in terms of section 41of the MSA,
  - (ii) to the extent that changing circumstances so demand; and
- b) may amend its IDP in accordance with a prescribed process.

As far as the status of an integrated development plan is concerned Section 35 of the MSA states that an IDP adopted by municipal council: -

- a) is the principal strategic planning instrument which guides and informs all planning and development issues in the municipality;
- b) binds the municipality in the exercise of its executive authority, except to the extent of any inconsistency between a municipality's integrated development plan and National or Provincial legislation, in which case such legislation prevails; and
- c) binds all other person to the extent that those parts of the integrated development plan that impose duties or affect the rights of those person have been passed as a by-law

Section 36 of the MSA states inter-alia the following: -

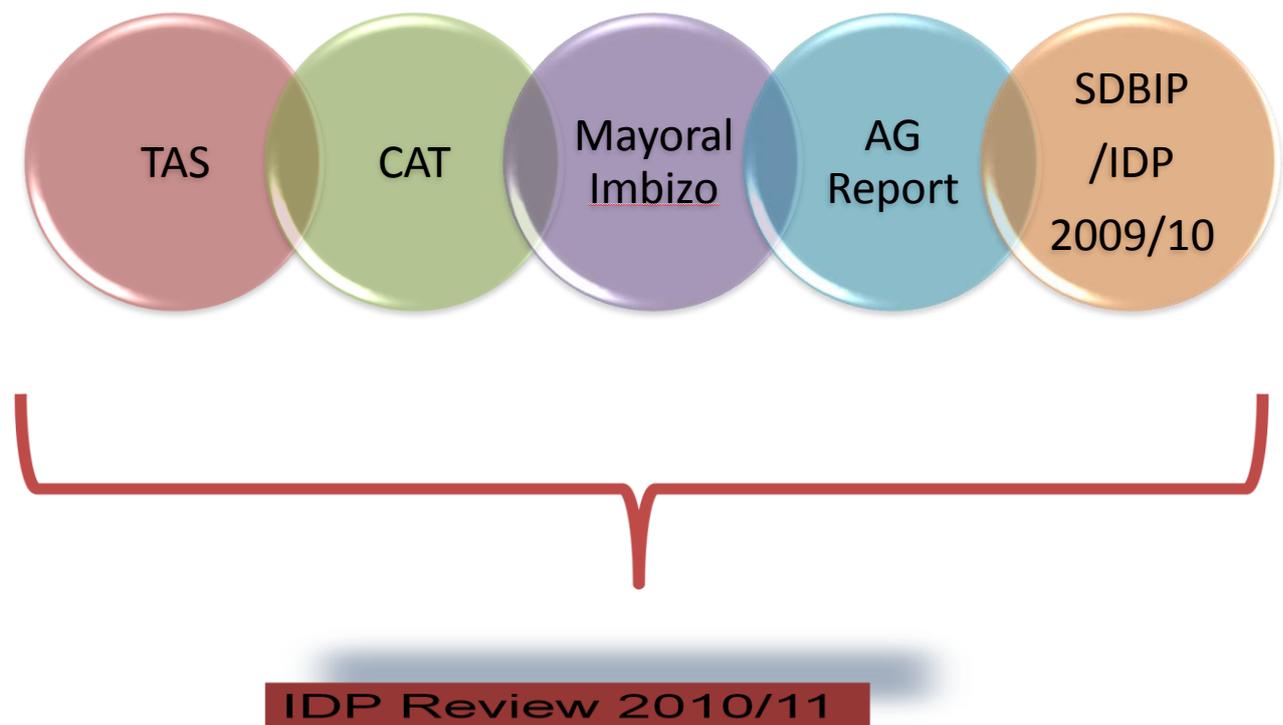
“A municipality must give effect to its integrated development plan; conduct its affairs in a manner, which is consistent with its integrated development plan”.

---

## 1.2 MAKANA MUNICIPALITY'S APPROACH

The National Department of Provincial and Local Government published guidelines in 2001 (IDP Guide Packs), describing the IDP process as an issue-driven approach to planning. Emphasis is on the analysis phase which focuses on the understanding of priority issues, leading to the development of strategic guidelines. These priority issues are determined through participatory research and a participatory planning methodology. Ideally, these priority issues become the focal point for determining appropriate development strategies that meet priority issues, and the needs of communities or stakeholders. With the introduction of Turnaround Strategy by the department of Cooperative Government and Traditional Affairs, the Council has resolved to integrate the Turnaround Strategy with the IDP review process to ensure seamless integration between the two processes for the 2010-2011 financial year. This seamless integration was achieved through the following document:

### SEAMLESS INTEGRATION



## 1.3 IDP PROCESS PLAN

The Council formulated and adopted an IDP process plan to serve as a guide in preparation for the review of the IDP. In brief, the IDP process plan outlines the time frames of scheduled events / activities, and coordinating structures involved in the processes.

### 1.3.1 MAKANA MUNICIPALITY IDP STRUCTURES

The following Table depicts the structures available within the Makana Municipality for handling the IDP issues: -

ROLE PLAYERS	ROLES AND RESPONSIBILITIES
<b>Council</b>	<ul style="list-style-type: none"> <li>• Final decision making</li> <li>• Approval of the reviewed IDP documentation.</li> </ul>
<b>Ward Councillor</b>	<ul style="list-style-type: none"> <li>• Linking the IDP process with their constituencies.</li> <li>• Organising public participation at ward level.</li> </ul>
<b>Mayor</b>	<ul style="list-style-type: none"> <li>• Manage the drafting of the IDP.</li> <li>• Assign responsibilities to the MM.</li> <li>• Submit the IDP Process Plan to Council for approval.</li> <li>• Chairs the IDP Technical and IDP Rep Forum.</li> </ul>
<b>IDP Technical Committee</b>	<ul style="list-style-type: none"> <li>• Monitor the Process plan progress</li> <li>• Plan Public Participation Engagement</li> <li>• Alignment of IDP and Budget</li> <li>• Plan stakeholder Engagement</li> <li>• Integration with Sector department</li> </ul>
<b>Municipal Manager</b>	<ul style="list-style-type: none"> <li>• Prepare IDP process plan.</li> <li>• Ensure that timeframes are adhered to.</li> <li>• Decide on and monitor IDP process.</li> <li>• Overall management and co-ordination.</li> </ul>
<b>Mayoral Committee</b>	<ul style="list-style-type: none"> <li>• To help to harness common understanding between political and administrative component before the IDP reports are considered at Council meeting.</li> <li>• Makes recommendations to the IDP Representative Forum.</li> </ul>
<b>IDP Manager</b>	<ul style="list-style-type: none"> <li>• Day to day management of the IDP process.</li> <li>• Co-ordinate technical or sector expertise.</li> <li>• Co-ordinate Sector plan inputs</li> <li>• Prepare draft progress reports.</li> </ul>
<b>IDP Steering Committee</b>	<ul style="list-style-type: none"> <li>• Assist and support the Municipal Manager/IDP Manager and Representative Forum.</li> <li>• Information "GAP" identification.</li> <li>• Oversee the alignment of the planning process internally with those of the Local Municipality areas.</li> <li>• Portfolio had to lead related Portfolio matters</li> </ul>
<b>The District Council</b>	<ul style="list-style-type: none"> <li>• Co-ordination role with all Local Municipalities within the District.</li> <li>• Ensuring horizontal and vertical alignment of the IDP's of the Municipalities in the District Council area.</li> <li>• Facilitation of vertical alignment of IDP's with other spheres of Government and Sector Departments.</li> <li>• Provide events for joint strategy workshops with Local municipalities, Provincial and National role players and other subject matter specialist.</li> </ul>

The following table indicates meetings and consultations that took place in order for the 2010-2011 IDP review process: -

### 1.3.2 SCHEDULE OF MEETINGS/CONSULTATION

MEETINGS	CONSULTATION PURPOSE	DATE
• IDP Technical Committee	Consider proposed IDP Processes Plan	31 July 2009
• IDP Process plan was Approved	Tabling of IDP Process plan	13 August 2009
• Steering committee workshop	Outline process to be undertaken	10 September 2009
• IDP Representative Forum	Outline processes to be undertaken to stakeholders	18 September 2009
• IDP Mayoral Imbizo Outreach program	Community consultation	September –December 2009
• IDP Steering Committee	To consider Developmental issue raised by Community and in the strategic planning sessions	19 March 2010
• IDP and Turnaround Strategy integration	To consider Turnaround Strategy Framework and IDP processes	12 February 2010
• IDP Representative forum	Consultation with Community stakeholders to consider issue raised in during the public participation consultation	23 March 2010
• Special Council Meeting	Tabling of Draft IDP 2010-2011 for adoption	31 March 2010

The 2009-2010 IDP will be substituted with this IDP as a comprehensive IDP processes will be undertaken after the adoption of draft IDP to deal with gaps identified in the previous IDP process.

The Five Year Local Government Strategic Agenda (2006-2011) is informed by the five Key Performance Areas, as enlisted in the following table in endeavouring to ensure hands-on support to local government to improve municipal governance, municipal performance and accountability.

Listed hereunder are the five KPA's: -

Key Performance Area <b>One</b>	Municipal Transformation and Organisational Development
Key Performance Area <b>Two</b>	Basic Service Delivery
Key Performance Area <b>Three</b>	Local Economic Development
Key Performance Area <b>Four</b>	Municipal Financial Viability and Management
Key Performance Area <b>Five</b>	Good Governance and Public Participation

### 1.3.3 IDP PROCESS

The following table depicts the IDP phases and also indicates their key purposes as well as steps to be followed in each phase: -

#### 1.3.4.1 IDP Phases

PHASE	PURPOSE	STEPS	OUTPUT
<b>Phase 1: Analysis</b>	<p>To ensure that decisions will be based on:</p> <ul style="list-style-type: none"> <li>● people's priority needs and problems</li> <li>● knowledge on available and accessible resources</li> <li>● proper information, as opposed to mere assumptions</li> </ul>	<ul style="list-style-type: none"> <li>● Compile existing data</li> <li>● Meeting with community and stakeholders' representatives</li> <li>● Analysing of priority issues</li> <li>● Agreeing on priority issues</li> </ul>	<ul style="list-style-type: none"> <li>● Assessment of the existing level of development</li> <li>● Priority issues/problem statements</li> <li>● Understanding nature/dynamics/causes of these issues</li> <li>● Knowledge on available resources and potentials</li> </ul>
<b>Phase 2: Strategies</b>	<p>To ensure broad inter-sectoral debate and means of tackling priority issues under consideration of:</p> <ul style="list-style-type: none"> <li>● policy guidelines and principles</li> <li>● available resources</li> <li>● inter-linkages</li> <li>● and an agreed vision</li> </ul>	<ul style="list-style-type: none"> <li>● Agreeing on a vision and Objectives</li> <li>● Considering the relevance and application of policy guidelines in the local context</li> <li>● Debate and decision-making on appropriate strategies</li> </ul>	<ul style="list-style-type: none"> <li>● Vision (for the municipality)</li> <li>● Objectives (for each priority issue)</li> <li>● Strategic options and choice of strategy (for each issue)</li> <li>● Tentative financial framework for projects</li> <li>● Identification of projects</li> </ul>
<b>Phase 3: Projects</b>	<p>To ensure a smooth planning/delivery link by providing an opportunity for a detailed and concrete planning process through the involvement of sector specialist and establishing project task teams</p>	<ul style="list-style-type: none"> <li>● Formulation of project proposals</li> </ul>	<ul style="list-style-type: none"> <li>● Indicators (quantities &amp; qualities) for objectives</li> <li>● Major activities' timing</li> <li>● Responsible agencies/actors</li> <li>● Costs and budgets estimates and sources of finance or funding</li> </ul>

PHASE	PURPOSE	STEPS	OUTPUT
<b>Phase 4: Integration</b>	To ensure that the results of project planning will be checked for their compliance with vision, objectives, strategies and resources and that they will be harmonized.	<ul style="list-style-type: none"> <li>● Screening, adjusting, consolidating and agreeing on project proposal</li> <li>● Compilation of integrated programmes</li> </ul>	<ul style="list-style-type: none"> <li>● Revised project proposals (for priority projects/other projects)</li> <li>● 5-year financial plan (all sources of finance)</li> <li>● 5-year capital investment programme (all sources of finance)</li> <li>● 5-year municipal action plan (municipal management)</li> <li>● Integrated SDF</li> <li>● Integrated programmes for LED, environmental issues, poverty alleviation, gender equity and HIV/AIDS</li> <li>● Consolidated monitoring/performance management system</li> <li>● Reference to sector plans</li> <li>● Disaster Management Plan</li> </ul>
<b>Phase 5: Approval</b>	To ensure, before being adopted by the Municipal Council, all relevant stakeholders and interested parties, including other spheres of government have been given a chance to comment on the draft plan, thus giving the approved plan a sound legitimacy, support and relevance.	Inviting and incorporating comments	An amended and adopted IDP document that has the support of the municipal administration, residents, district council and relevant agencies.

1.3.4.2 Listed hereunder are gaps that were identified during the previous IDP process (i.e. 2009/10 IDP Review): -



PHASE	GAPS
<b>Phase 1: Analysis</b>	<ul style="list-style-type: none"> <li>● Lack of participation resulted in not taking ownership of the priorities identified</li> <li>● Lack of alignment of priorities with National and Provincial guiding principles and frameworks</li> <li>● Lack of alignment with Service Delivery and Budget Implementation Plan (SDBIP)</li> </ul>
<b>Phase 2: Strategies</b>	<ul style="list-style-type: none"> <li>● The identification of objectives and strategies for each development priority did not take place in a participatory manner</li> <li>● Lack of a shared vision as a consequence of limited participation</li> <li>● Lack of alignment – development priorities to objectives, strategies, as well as inter-sectoral alignment</li> <li>● Lack of strategic planning – methodology and participation</li> </ul>
<b>Phase 3: Projects</b>	<ul style="list-style-type: none"> <li>● Project proposals were not compiled</li> <li>● Consequently all the above factors affected the bases for performance measurement</li> </ul>
<b>Phase 4: Integration</b>	<ul style="list-style-type: none"> <li>● No full alignment</li> <li>● The budget was project driven</li> <li>● Lack of MTREF</li> <li>● Difficult to align the PMS</li> <li>● Some of the sector programmes and plans are not finalised</li> </ul>

## CHAPTER TWO: SITUATIONAL ANALYSIS

### 2.1 PART ONE: INSTITUTIONAL PROFILE

Part one of situational analysis provides a profile of the Makana Local Municipality, in terms of its institutional structure, human resources and financial resources dedicated to local economic development. It is important to understand the structure and capacity of the municipality to implement local economic development, so as to determine optimal future institutional arrangement for the facilitation of local economic development in Makana

This chapter is presented according to the following sections:

- Makana Political Structure
- Municipal power and functions
- Makana Institutional Structure
- Intergovernmental Relations

#### 2.1.1 MAKANA POLITICAL STRUCTURE

The Makana Local Municipality was established in terms of Section 12 of the Local Government Municipal Structures Act (Act No. 177 of 1998). The municipality operates an Executive Mayoral Committee system with an Executive Mayor and five Portfolio Chairpersons being members of the Mayoral Committee

The Makana Council comprises 24 councillors (including the Mayor), 12 of whom are proportional councillors.

The Makana Council also has the following five portfolio committees:

- Social Services, Community Empowerment and Protection Services
- Corporate Services
- Land, Housing & Infrastructural Development and Disaster Management
- Economic Development, Tourism and Heritage
- Budget, Treasury & IDP

The operation of portfolio committees is seen as a crucial means of ensuring the successful implementation of community based planning.

### 2.1.2 MUNICIPAL POWERS AND FUNCTIONS

The Makana LM currently has 39 different functions, based on the Municipal Systems Act, No 32 of 2000 and Act 117 of 1998. These are listed in Table 7.1

**Table 7.1: Powers and functions of the Makana Municipality**

Air pollution	Markets
Child care facilities	Municipal abattoirs
Fire fighting incl. DM function	Municipal parks and recreation
Municipal airports	Municipal roads
Municipal Health services	Noise pollution
Pontoons and ferries	Pound
Trading regulations	Public places
Sanitation	Refuse removal, refuse dumps and solid waste disposal
Building regulations	Control of undertakings that sell liquor to the public
Electricity reticulation	Fencing and fences
Local tourism	Street trading
Municipal planning	Street lighting
Municipal public transport	Traffic and parking
Storm water	Control of public nuisance
Water (potable)	Fencing and fences
Beaches and amusement facilities	Licensing of dogs
Billboards and the display of advertisements in public places	Licensing and control of undertakings that sell food to the public
Facilities for the accommodation, care and burial of animals	Cleansing
Local sport facilities	Local amenities
Cemeteries, funeral parlours and crematoria	

Source: Makana IDP, 2009

Most of these functions are based in Grahamstown, but the municipality does also have well capacitated offices in Alicedale and Riebeeck East. It must be noted that this list is largely indicative of the power devolved to the local municipal level, but does not necessarily imply that the municipality is currently providing all the above stated services.

### 2.1.3 INSTITUTIONAL STRUCTURE

The institutional structure is administratively headed by the municipal manager. The current organizational structure for the Makana Local Municipality makes provision for six directorates namely:

- Municipal Manager
- Corporate Services
- Community and Social Services
- Finance
- Technical and Infrastructural Services (including housing and land)
- Local Economic Development

Figure 2.1 provides the high level operational institutional organogram, with associated mandates for each directorate.

#### 2.1.3.1 STAFFING CAPACITY

The Makana municipality had a staff complement of 547 permanent workers in 2008, excluding contract workers (Makana Annual report, 2008). According to the Cacadu District Municipal Capacity Report of 2009, the Makana municipality had a staff per capita ratio of 1:131 in 2007, with 39.39% of the Total operational expenditure (OPEX) dedicated to the staffing budget. This is within the national norm of 34% of municipality's OPEX budget being dedicated to staffing requirements. The Makana staffing composition is provided in Table 7.2. Discrepancies in employment figures throughout this profile may be explained by the fact that some records are for permanently employed workers, while others are for workers employed on a contractual basis.

**Table 2.2 Makana Staffing composition**

Directorate	Number of people employed
Offices of the Mayor, speaker and the Municipal Manager	9
Corporate Services	24
Community and Social Services	295
Finance	33
Technical and Infrastructural Services	191
Local Economic Development	5

Source: Makana Annual Report, 2009

The majority of municipal employees are employed in the community services and technical and infrastructural directorates. Within these respective directorates, the departments of parks & recreation, roads employed the most people. Labour turnover was 20% in the

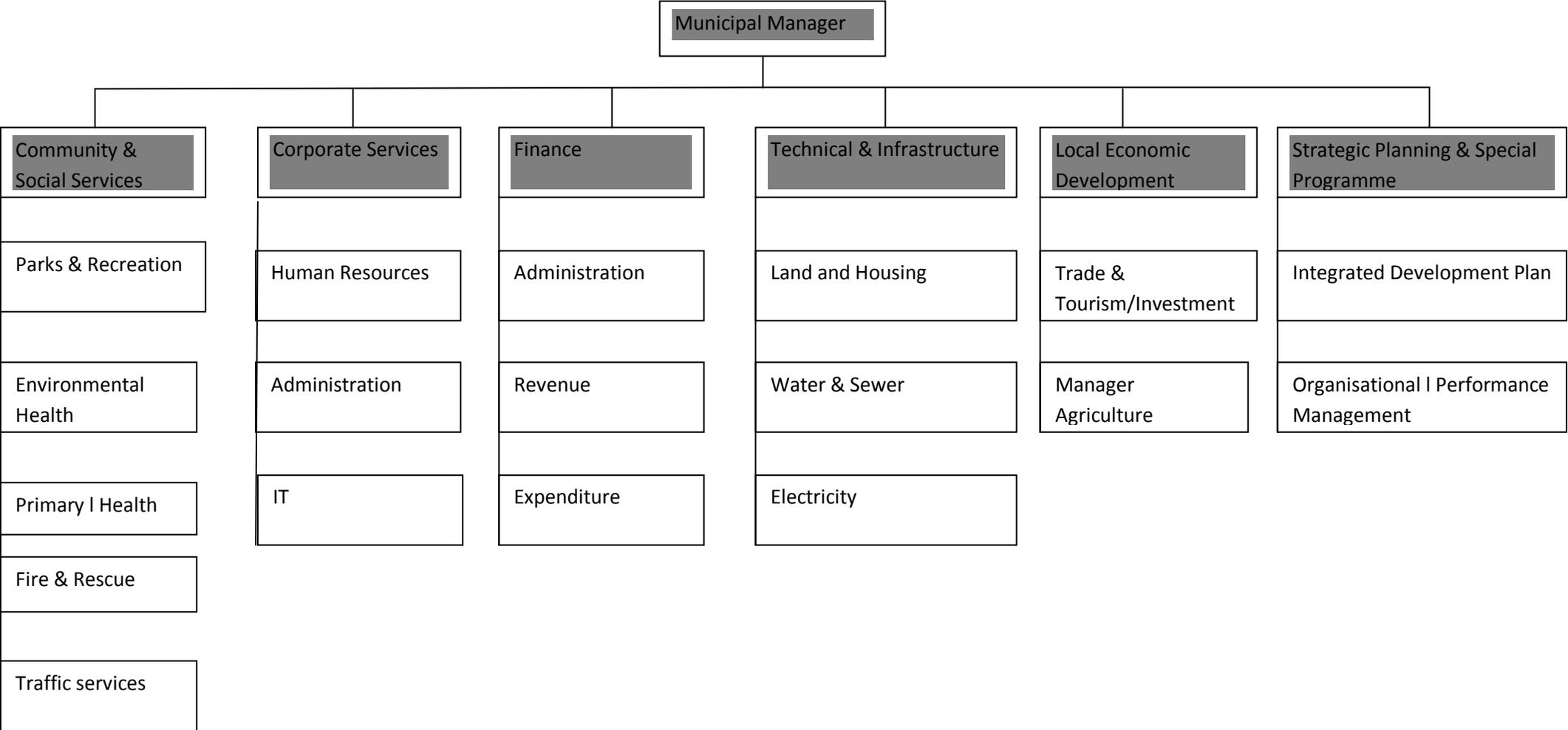
2007-2008 periods, with the most affected categories being technical and professional staff. The departments that are most affected by staff capacity shortages are:

- Fire department;
- Water, sanitation, roads and
- Electricity department
- Primary health

(Makana Annual report, 2009)

---

Figure 2.1: Makana Organogram



## **2.1.4 INTERGOVERNMENTAL RELATIONS**

### **2.1.4.1 COOPERATIVE GOVERNANCE MANDATE**

Cooperative governance in South Africa is a constitutional imperative as the Constitution explicitly makes provision for this mechanism. Chapter 3 of the National Constitution deals with cooperative governance. Government departments and agencies should co-operate with one another in mutual trust and good faith by:

- Fostering friendly relations.
- Assisting and supporting one another.
- Informing one another of/ and consulting one another on matters of common interest.
- Coordinating their actions and legislation with one another.
- Adhere to agreed procedures; and
- Avoiding legal proceedings against one another.

The South African cabinet approved a Draft Intergovernmental Relations Framework Bill on 15 November 2004. The aim of the bill is to provide an institutional framework for the different spheres of government to facilitate coherent government, co-ordination in the implementation of policy and legislation, effective provision of services and the monitoring of the implementation of policy and legislation. The Bill creates various structures on national, provincial and local level as well as on interdepartmental and inter-sphere level to give effect to cooperative governance. In addition to the above statutes, there are a number of other policies and legislation which also provide for cooperative governance, but will not be covered here.

Intergovernmental relations in the Makana Local Municipality consist of representation from different spheres of government. Examples of this are seen in the:

- IDP sector formation
- The Makana Safety Forum
- The IDP representative forum

### **2.1.4.2 NATIONAL AND PROVINCIAL DEPARTMENTS AND GOVERNMENTAL AGENCIES WITHIN MAKANA**

The following government departments or agencies have offices in Makana

- Agriculture
  - Correctional Affairs
  - Defence
  - Education
  - Labour
  - Home Affairs
  - Justice
  - Health
  - SEDA
-

Furthermore, the following institutions have developmental projects running in Makana:

2010-2011

DEPARTMENT/INSTITUTION	PROJECT	BUDGET	PROJECT OUTPUT
Dept Agriculture/Land care programme	Green Hill	R 112, 500.00	Eradication of invaders spp
Dept Agriculture/Support program	Kooduvale	R1,131,820.00	Fencing Irrigation system
Dept Agriculture/Support program	Ntabozuko Trading Coop	R 80 000,00	Irrigation System
Dept of water affairs	Abany/Impelenting Agent Gamttos Irrigation	R2,995,571	Clearing

## PART TWO: SOCIO-ECONOMIC PROFILE

The overall development and performance of the Makana municipality will be determined by its fundamental socio-economic characteristics. These have an impact on the economic performance of the area, as well as its social and community development. In addition, the Makana LED is about improving the livelihoods of all residents in the area, and for this to be achieved, a clear understanding of the current situation is required.

This section will thus provide an overview of and discuss various indicators that have a bearing on the quality of life in Makana including:

- Demographics
- Education
- Employment
- Occupation profile
- Income levels
- Access to amenities
- Crime levels
- HIV/AIDS levels
- Access to social grants

In order to maintain internal consistency throughout the situational analysis and the strategic framework, the primary source of statistics will be databases compiled by Quantec Research. These databases make use of reports including

- 2001 and 1996 censuses
- 2007 community survey
- Quarterly labour force survey
- Income and Expenditure survey

The statistics although sourced from available secondary data and recognised to have limitations in accuracy, provide a basis from which various analyses can be undertaken and are useful insofar as they reveal:

- Baseline information indicative of the status quo
  - Disaggregated information that is specific to the Makana area
  - Trends over time
  - Various planning scenarios
-

- Structural changes and dynamic shifts

Where appropriate, other sources of information (both primary and secondary) will be consulted in this and subsequent chapters of the LED strategy. These include municipal and district level IDPs and SDFs, which will provide refined levels of information.

The Makana municipality as set out in its current boundaries was established in 2000 when the magisterial and municipal boundaries were realigned. Therefore, all references to the Makana municipal area from before 2000 are based on disaggregated trend estimations, which is a statistical technique used to predict and interpret data. This process is informed by the Municipal Demarcation Board's Municipal Profiles and allows reliable comparison of statistics for the Makana area before and after 2000

An introduction to the Makana area is given in the Table 3.1 , and will provide a frame of reference from which all other subsequent profiles can be contextualised

**Table 2.3: Overview of Makana municipality**

Indicator	Makana Municipality
Population	70 706
Population density	16.1 (people per square kilometer)
Households	16 975
Household density	3.87 (households per square kilometer)
Area	4 379 km <sup>2</sup>

(Source: Quantec: 2007)

### 2.2.1 POPULATION PROFILE

Based on various actuarial population projections and demographic forecasting methods, Quantec Research estimates that the total Makana population in 2007 was **70 706** (Quantec, 2007). This figure is derived using the Actuarial Society of South Africa's 2003 Demographic Forecast Model and interpolated by Quantec research.

The socio-economic profile will take cognisance of the fact that uncertainty surrounding the reliability and accuracy of population figures for the Makana area has been raised as a concern in various planning documents including the Makana IDP and SDF. The Makana 2008 IDP states that a significant proportion of the population may not have been enumerated in the 2001 national census due to their tenure in informal settlements. Similarly the Makana SDF (2008) indicates the presence of doubts around the credibility and integrity of population data in the post 2001 census period. As a result of this, various estimates for the Makana population at different dates will be presented in Table 3.2. This shows the extent to which various sources differ on the size of the Makana population.

**Table 2.4 Population estimates: 2001-2007**

Source	Population	Year
Quantec Research	70 706	2007
CDM 2009 SDF	74 561	2007
Makana 2008 SDF	140 120	2007
CDM IDP 2008 review	84 111	2003
Makana IDP 2008 review	82 682	2001
Makana IDP 2007-2012	75 302	2001

(Source: Quantec: 2007)

Based on the Quantec Research population figure for 2007, Makana's population in 2007 accounted for 18.4% of the Cacadu district's population. The greater Grahamstown area (including Rhini) accounts for approximately 81% of the municipality's population, with the other settlements located in the Makana area thus making marginal contributions to the total regional population. Makana has a population density of 16.1 people per square kilometer, which is high when compared to the district population density of 6.6 people per square kilometer. This indicates a high level of urbanization in the LM, which puts pressure on the municipality to provide essential services.

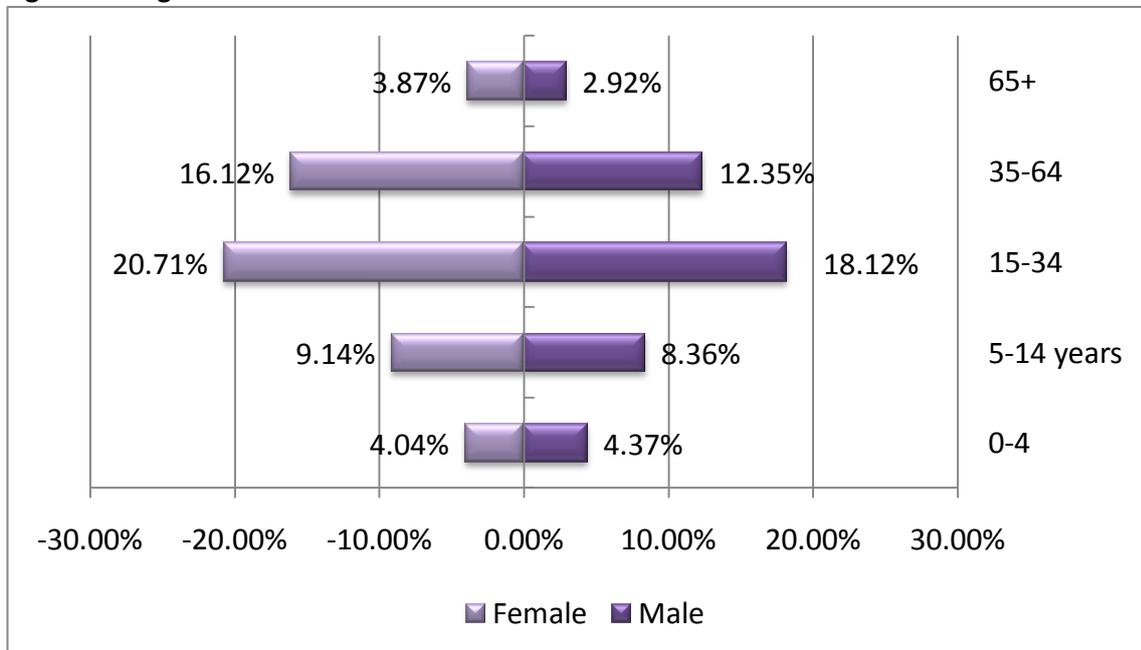
Based on various estimates, the Makana population stabilised and peaked in the late 1900s, and has been slowly declining until and including 2007. This means that it has shrunk by approximately 5.5% from 1995's 74 618. This is in line with the stabilization of the Cacadu district's and the Eastern Cape's provincial population around the same period, which have also marginally shrunk from their 1995 values.

Despite the overall plateau in population growth, informal settlement populations increased. This may indicate migration from farms and areas in the Grahamstown periphery to the core, in the search for economic opportunities and improved service provision.

### 2.2.1 .1 AGE AND GENDER STRUCTURE

In terms of the age and gender structure in Makana, Figure 3.1 shows an aggregated population pyramid for the municipality. Population pyramids are visual representations of an area's age and gender structure, helping to establish the potential size of the economically active labour force.

**Figure 2.2: Age and Gender structure**



(Source: Quantec: 2007)

66% of the population falls within the economically active age of 15-64, which leads to a healthy dependency ratio of 0.51. A dependency ratio of 0.51 means that every economically active person supports an average of 0.51 people, made up of youth and the elderly. This may be compared with the

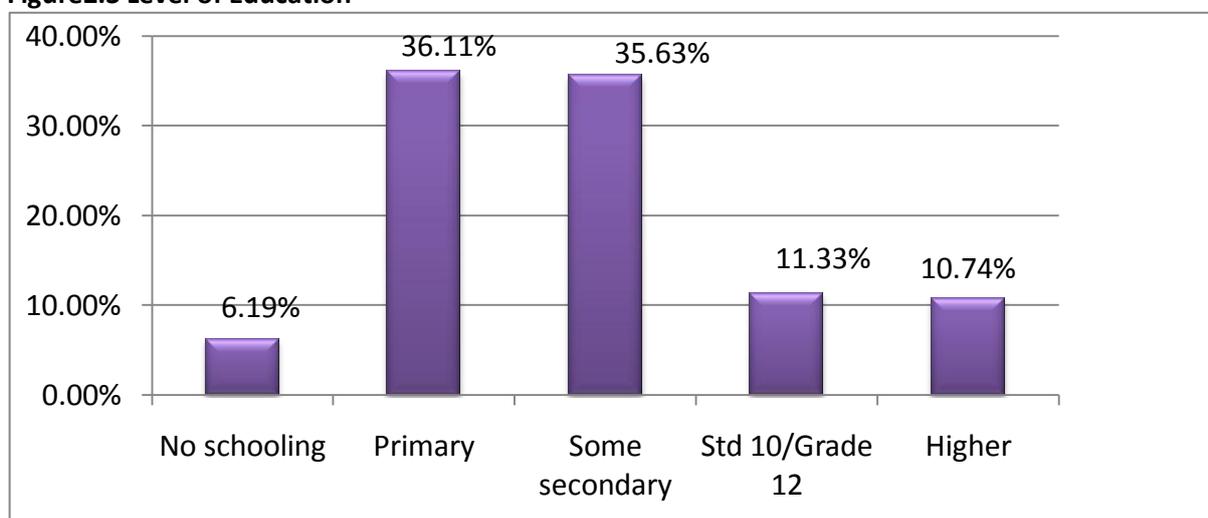
provincial dependency ratio of 1.81, which is much higher. The 15-34 age group constitutes 38.8% of the total population.

This is a result of the Makana municipality hosting a range of education facilities including Rhodes University, which attract people within the 15-34 age group. The implication of this relatively young population is that extra pressure on the need for employment creation opportunities is placed on the municipality.

## 2.2.2 EDUCATION PROFILE

Education levels have a direct impact on economic development and the quality of life enjoyed by residents of an area. This is because it influences the skills profile and thus the employability of a population. Education affects the potential that workers have, their productive efficiency and also their ultimate income levels. Education is therefore acknowledged as being inextricably linked to the economic development of an area. Figure 3.2 shows the levels of education in the Makana municipality.

**Figure 2.3 Level of Education**



(Source: Quantec: 2007)

6.19% of the Makana population has received no schooling, which is below the provincial level of 9.4% and the district level of 12.3%. With regards to basic literacy, 36.11% of the Makana population have only been educated up to primary level, which is better than the provincial level. The Makana area excels in terms of the proportion of the population that has completed matric, and attained tertiary levels of education. 22.07% of Makana residents have an education level of matric or higher, which is almost twice the provincial level of 13.33%. The implication of this is that a large proportion of the population is able to (has the potential to) become fully economic active members of society as their employability is higher than those of uneducated people.

This means that the Makana area has a high ability to attract and retain highly educated individuals. This is because of the presence of Rhodes University in Grahamstown, and the numerous primary and secondary schools also found in Grahamstown which draw in 'educational migrants' into the area, both from outside the province and outside the country. This is because a large proportion of those with high education levels, and those in the 15-34 age band represent scholars and students who come from outside the municipality. This also has implications on the levels of employed and not economically active people as discussed in section 3.3, as it may artificially inflate municipal unemployment levels. (Whisson, 2009)

### 2.2.3 EMPLOYMENT PROFILE

As was indicated in the education profile, education levels have an impact on employment levels in an area. Employment in turn has an impact on household income levels and the overall economic structure of an area.

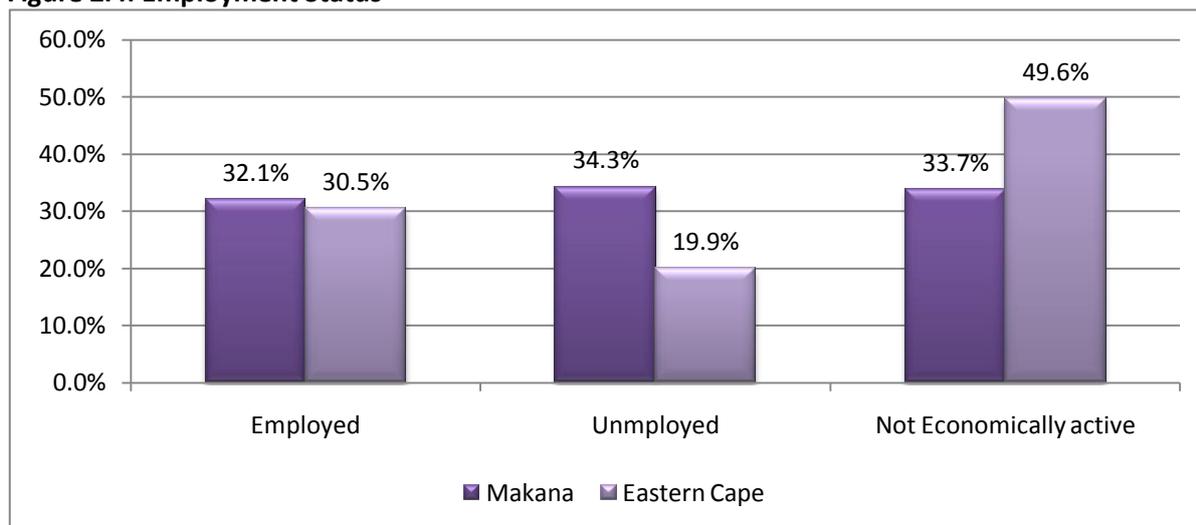
#### 2.2.3.1 EMPLOYMENT STATUS

- For the purposes of this section, people’s employment status may be categorized as employed, unemployment and not economically active. These statuses may be defined as:
- **Employed** have within the last seven days performed work for pay.
- **Unemployed** (i.e. Those people within the economically active population who: did not work during the seven days prior to the interview; want to work and are available to start work within two weeks of the interview; and have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview.)
- **Not economically active** (i.e. A person who is not working and not seeking work or not available for work)

Figure 3.3 provides a graphic representation of employment in Makana. Using the definitions provided above, of the 70 706 people living in Makana in 2007:

- 13801 (or 32.1%) were employed, which is similar to the provincial level but lower than the district level.
- 14 753 (or 34.3%) were unemployed, which is much higher than the provincial and district levels
- 14 496 (or 33.7%) were not economically active, which is lower than the provincial and district levels.
- 27 656 were not classified as they fall outside the bands of the working age population

**Figure 2.4: Employment Status**



(Source: Quantec: 2007)

The high level of unemployed as opposed to not economically active means that the percentage of people in Makana actively looking for work that have not yet been discouraged by long term

unemployment is higher than the provincial and district level. This means that there is a perception of there being employment opportunities present in the area that drives people to continue in their search for employment.

This is comparable with the provincial and district scenarios in which a higher number of people are no longer seeking work even though they are not employed (discouraged workers), which is an indicator of limited opportunities. The breakdown of people between unemployed and not economically active statuses may also be indicative of the temporary nature of jobs (rather than permanent) that avail themselves in the Makana area. This is in line with the dominant activities in Makana which are:

- Tourism – Events such as the national arts festival support temporary employment much more than permanent employment
- Community Services- In the form of Rhodes University and the schools situated within Makana
- Trade and Agriculture – which can be cyclical and seasonal in nature.

### 2.2.3.2 EMPLOYMENT BY OCCUPATION

81.5% of those employed in Makana were employed in **formal sector**, while 18.5% of total employment was in the **informal sector**. This is a reflection of its educational profile, as a more educated community generally finds employment in the formal sector. The formal- informal sector representation is identical to the provincial trend (18.3%) but lower than the district level of 25.5%. The high level of formal sector employment in Makana provides some insight into the nature and character of its economy, and the employment opportunities created within it. It may be deduced that the scope for small and micro-scale entrepreneurial ventures can be mostly found in the formal, mainstream sphere of economic activity.

With regards to the period between 1995 and 2007, job growth has been erratic. The number of people employed in Makana declined at an average rate of 0.91% per year, but employment levels have rebounded since 2003. Though, Makana's employment levels have fallen at a faster rate than that of the district and the province, it must be noted that this fall was off a relatively smaller base, which magnifies the effects of small changes.

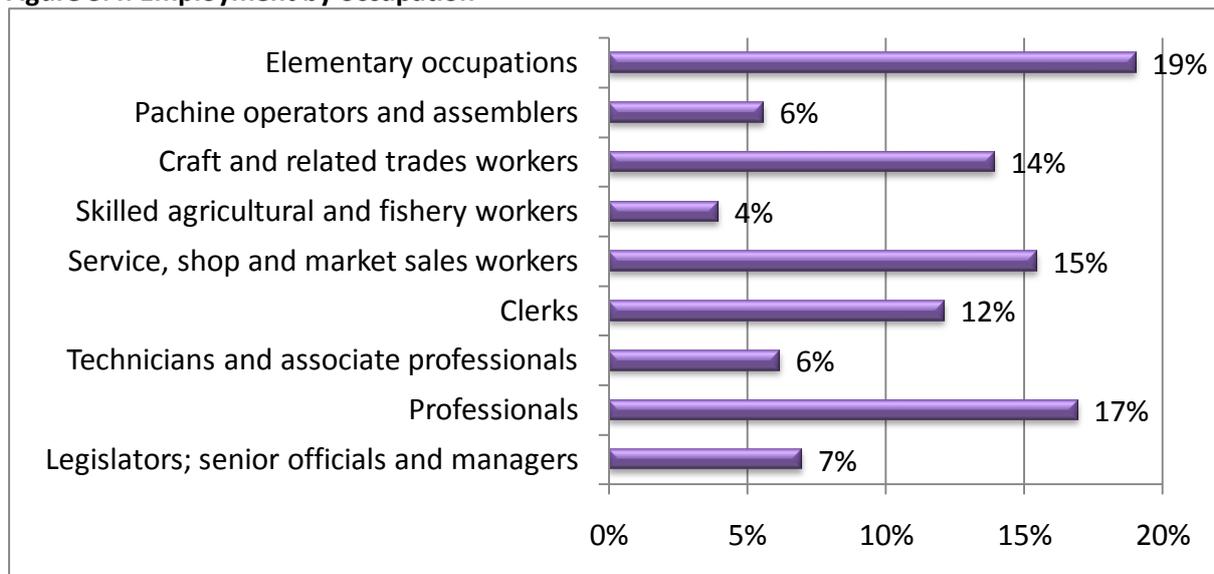
Of concern is the fact that informal employment in Makana has fallen at an approximated rate of 2.6% a year. This has happened while the skills profile has remained largely static, with:

- 13% of workers being highly skilled
- 44% of workers being skilled
- 43% of workers being unskilled

The skills profile which is in line with the education profile provided is reflected in Figure 3.4

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**Figure 3.4: Employment by occupation**



(Source: Quantec: 2007)

21% of the workforce is made up of professionals and senior officials, which is a result of the significant impact that Rhodes University has. The percentage of people employed as technicians and other allied activity is low when consideration of those in elementary occupations (17%) is made.

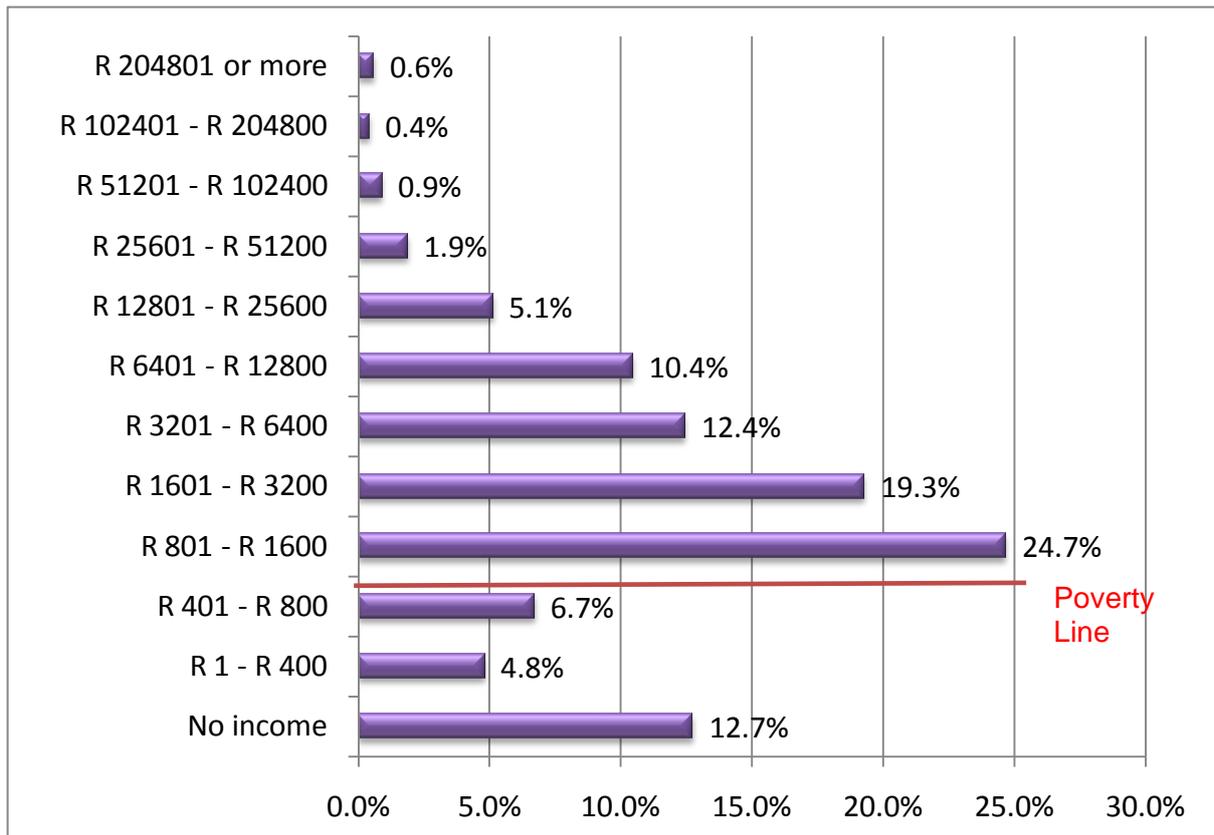
#### **2.2.4 HOUSEHOLD INCOME**

The demographic make-up of an area, coupled with its educational characteristics and employment trends all have an impact of household incomes. Household income is defined as the combined income of all members of a household. The determination of the income includes:

- Labour remuneration
- Income from property
- Transfers from government (including pensions)
- Transfers from incorporated businesses
- Transfers from other sources

As household income translates into buying power, it is thus also a determinant of the standard of living enjoyed by residents of Makana. **23%** of households in Makana subsist on an income below the poverty line (of R800 a month or R9 600 a year), while **18%** and **29%** of district and provincial households respectively face a similar plight. The Makana municipality has a higher percentage of people in the high income brackets than the Eastern Cape which means that on average, household incomes in Makana approximate to **R8 417.63** per month. This places Makana among the higher income ranges in the Eastern Cape.

#### **Figure 3.5: Average Household Income**



#### 2.2.4 ACCESS TO BASIC SERVICES

In the introduction to the socio-economic profile, it was revealed that indicators of general well-being would be reviewed. In line with this, the provision of certain basic services has a direct and immediate effect on the quality of lives experienced by residents of an area. These services include but are not limited to:

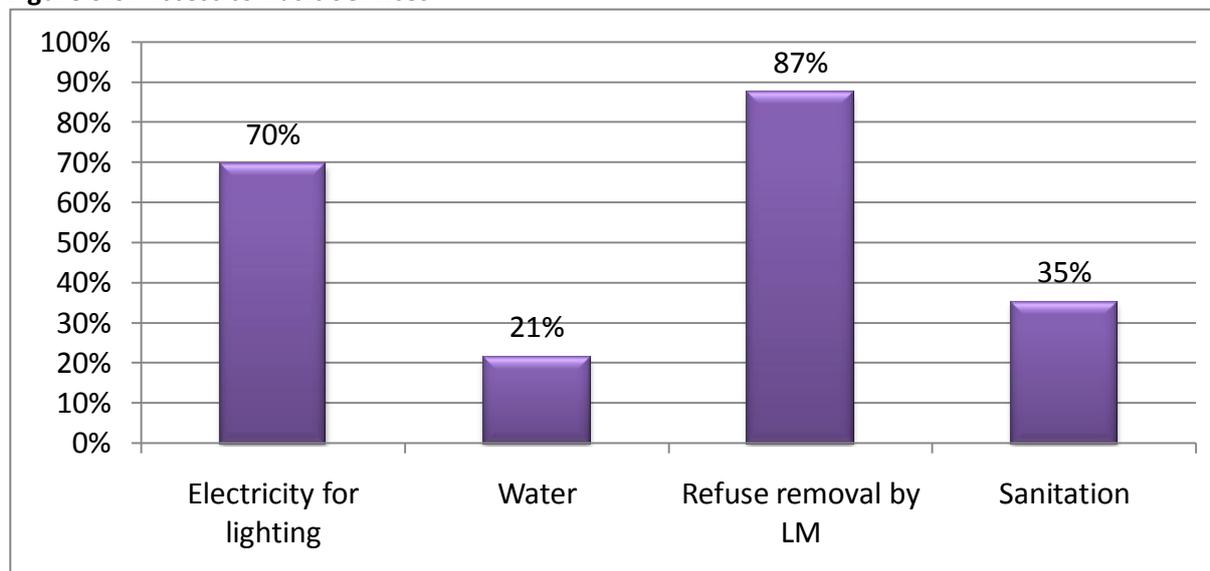
- Water supply
- Refuse collection and disposal
- Electricity
- Sanitation

The link between such basic services and the quality of life can be seen in how if the water that is provided is of a poor quality or refuse is not collected regularly, it will contribute to the creation of unhealthy and unsafe living environments. Similarly poor service delivery in the form of electricity shortages can also make it difficult to attract business or industry to an area and therefore limits job opportunities for residents.

The Makana Municipality generally fares well in terms of service provision in comparison to the Cacadu District and the Eastern Cape Province. This is presented in Figure 3.6. Water provision relates to piped water inside the household dwelling and sanitation refers to flush and chemical toilets that are communally accessible.

Provision of these services is low, in line with provincial and district standards, whilst the Makana Municipality does perform well in terms of provision of electricity for lighting and refuse removal. However, when broader measures of basic service provision are used (e.g. other forms of sanitation services and piped water beyond individual yards), the performance of the municipality is found to improve. Further analysis of service provision will be provided in the infrastructure profile.

**Figure 3.6: Access to Basic Services**



(Source: Quantec: 2007)

### 2.2.5 SYNTHESIS

An overview of some of the development indicators profiled in this chapter are shown in Table 3.3

**Table 3.3: Synthesis of Socio-Economic Profile**

Variable	Description
<b>Population</b>	70 706
<b>Population Density</b>	16.1 persons per square kilometre
<b>Age Profile</b>	38.9% of population are in the 15-34 age bracket
<b>Education</b>	6% have no schooling 22% have matric or higher
<b>Employment</b>	34% unemployed
<b>Monthly household income</b>	Average weighted household income: R8 417.63 23% of households live below poverty line of R800 per month

From this chapter it is evident that households in the Makana Municipality are on average better off than those in the rest of the Cacadu district and the Eastern Cape. In comparison to the Eastern Cape Province, the municipality has a higher percentage of people with Matric level education, and a lower level of people without any form of education. Poverty levels are also lower in Makana than in the rest of the district and the province.

Makana has a higher unemployment rate than the provincial level. It is apparent that the local economy is currently not generating enough employment opportunities. This is a situation that arises despite the population being relatively well educated, and average household income levels being high.

The need for the Makana Municipality to create an enabling environment that is conducive to growth and development thus arises, and will be confronted throughout the rest of the document.

The provision of some basic services does ease the requirements for social infrastructure, which can allow the municipality to focus on providing economic infrastructure and promoting economic development.

## 2.2.6 CRIME INFORMATION

The following table reflects the patterns of reported criminal activities during 2005/06 in the Cacadu district and Makana Municipality and the other table gives a breakdown of reported criminal activities according to the CDM IDP, 2007-2012 and CDM IDP, 2007-2008, respectively.

*According to the Cacadu District Municipality 2007/8 IDP: "Great care should be exercised when interpreting the patterns of growth in reported crimes between 2001/02 and 2005/06. The 2001 Census allows one to use official population statistics to calculate ratios of crimes per 100 000 population, which may be compared to the provincial and national ratios for that year*

*The 2005/06 population statistics, however, are based on an assumption of 1.5 percent annual growth rate across all the municipalities. Although this may be a feasible estimate of population growth in the district as a whole, there is evidence of a wide range of annual growth rates in the local municipal areas. Thus the population of some of the Karoo municipalities might have growth slower than the estimated average, while a municipality such as Kouga is reported to be growing considerably faster than the average".*

**Theft related crimes** account for fully one half of all reported crimes (51.6 percent if stock theft is included). Only in Makana (59.4 percent) is this proportion of crimes notably higher than the district average.

Burglary of residential premises is the most common crime in this category (theft) throughout the district (16.3 percent of all reported crimes) in all of the local municipalities.

The ratio of burglary at residential premises is twice as high in the Cacadu district as the Eastern Cape and national ratios.

**Violent crimes** account for one third of all reported crimes in the district. The pattern is roughly similar in the local municipalities. The incidence of violent crimes as a proportion of all crimes is lowest in Makana (27.1 percent).

Assault (common assault and assault with the intent to inflict grievous bodily harm) is the most common reported violent crime, accounting for over one quarter (28.4 percent) of reported crimes during 2005/06. Although there has been a decline in the ratio of assaults per 100 000 population (-3.3 percent for serious assault and -22.4 percent for common assault), the declines are lower than the provincial (-9.4 percent and -23.8 percent respectively) and national (-14 percent and -13.1 percent respectively)

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averages. The incidence of assault in the Cacadu district remains almost twice as high as the Eastern Cape and national ratios.

The ratios per 100 000 of population of the other violent crimes, i.e. murder, rape and attempted murder, are generally higher in the Cacadu district (particularly for rape) than the provincial and national ratios. In the District, rape, murder and attempted murder accounts for just fewer than four percent (4.4 percent) of all reported crimes. Sunday’s River Valley (6.3 percent), Baviaans (5.9 percent) and the DMAs (5.5 percent) recorded somewhat higher proportions of these three violent crimes, while the proportion in Makana (3.3 percent) is the lowest.

It must be noted that the incidence of murders in the Cacadu district has increased by 14.5 percent between 2001/02 and 2005/06, while the Eastern Cape recorded a much lower rise during this period (4.9 percent increase), and the national incidence of murders as a proportion of all reported crimes declined by 13.5 percent over this period.

Among the **other crimes**, malicious damage to property remains common throughout the district.

Overall, the trends to watch are the following:

- Incidence of murder in the District is growing while the national incidence has declined.
- The incidence of rape too has increased, particularly in Camdeboo and Sunday’s River Valley, but also in Kouga and Makana.
- Robbery is on the increase:
  - robbery with aggravating circumstances shows an increase that far outstrips both the provincial and national growth figures;
  - robbery with aggravating circumstances increased particularly in Makana;
  - common robbery has increased by over fifty percent since 2001/02 while the provincial and national proportions have decreased by around twenty percent during that period;
  - Makana, Ndlambe and Kouga recorded the highest increases in common robbery”

#### Patterns of Reported Criminal Activities

Crime Category	CDM % of all	Makana
Assault with the intent to inflict grievous bodily harm	17.9%	12.9%
All theft not mentioned elsewhere	17.2%	21.0%
Burglary at residential premises	16.3%	16.5%
Common assault	10.5%	10.0%
Malicious damage to property	6.2%	7.0%
Theft out of or from motor vehicle	4.2%	7.3%
Stock theft	3.5%	2.5%

<b>Crime Category</b>	<b>CDM % of all</b>	<b>Makana</b>
Crime injuria	3.0%	2.6%
Burglary at business premises	2.8%	1.2%
Drug-related crime	2.8%	1.5%
Rape	2.7%	2.3%
Shoplifting	2.3%	3.5%
Common robbery	2.1%	2.7%
Robbery with aggravating circumstances	1.3%	1.8%
Driving under the influence of alcohol or drugs	1.2%	1.7%
Theft of motor vehicle and motorcycle	1.1%	1.4%
Commercial crime	1.1%	1.4%
Murder	1.0%	0.6%
Attempted murder	0.7%	0.4%
Culpable homicide	0.6%	0.4%
Indecent assault	0.4%	0.3%
Arson	0.3%	0.3%
Neglect and ill-treatment of children	0.2%	0.2%
Illegal possession of firearms and ammunition	0.2%	0.2%
Abduction	0.1%	0.1%
Public violence	0.0%	0.1%
Car hijacking (subcategory of aggravated robbery)	0.0%	0.0%
Kidnapping	0.0%	0.0%
Truck hijacking (subcategory of aggravated robbery)	0.0%	0.0%
Bank robbery (subcategory of aggravated robbery)	0.0%	0.0%
Total reported crimes	100.0%	100.0%

Source: CDM IDP 2007-2012

## 2.2.7 HIV/AIDS INFORMATION

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	ries								
<b>Grahamstown</b>	<b>34253</b>	<b>24953</b>	<b>R 23,009,991.00</b>	<b>34337</b>	<b>25153</b>	<b>R 23,072,349.00</b>	<b>34548</b>	<b>25396</b>	<b>R 23,217,303.00</b>
Care Dependency	353	357	R 360,570.00	346	350	R 353,500.00	346	351	R 354,510.00
Child Support (0-15)	16026	22771	R 5,465,040.00	16081	22892	R 5,494,080.00	16169	23052	R 5,532,480.00
Foster Care	1407	1825	R 1,241,000.00	1465	1911	R 1,299,480.00	1522	1993	R 1,355,240.00
Grant in Aid	764		R 183,360.00	754		R 180,960.00	762		R 182,880.00
Old Age	9942		R 9,951,232.00	9962		R 9,967,907.00	10000		R 9,996,870.00
Permanent Disability	5258		R 5,301,519.00	5247		R 5,290,481.00	5323		R 5,366,811.00
Temporary Disability	498		R 502,120.00	477		R 480,791.00	421		R 423,362.00
War Veteran	5		R 5,150.00	5		R 5,150.00	5		R 5,150.00

### PART THREE: LOCAL ECONOMIC PROFILE

The previous chapter provided insights into the socio-economic characteristics of the Makana region. This chapter will look at the Makana economy from a historic perspective in order to gain an understanding of what trends have shaped its development. The present state of the various sectors that comprise the Makana economy will also be discussed in order to understand the dominant features it can be currently characterised by. The local economic profile will provide an overview of the Makana economy, with its outcomes becoming the inputs for the economic potential assessment.

This chapter will be made up of the following sections:

- Overall economic performance
- Sector contribution to Regional Gross Domestic Product (R-GDP)
- Sector Profiles

#### 2.3.1 OVERALL ECONOMIC PERFORMANCE

Regional Gross Geographic Product (R-GDP) is an important indicator of economic activity and comprises the value of all final goods and services, produced during one year, within the boundaries of a specific region and is commonly used to measure the level of economic activity in a specific area e.g. local municipality. Table 4.1 shows the overall historic performance of the Makana economy, and Table 4.2 compares the Makana growth rate with that of the district and the province.

**Table 4.1 Makana Municipality Overall Economic Performance**

Year	R-GDP (R'000 at 2000 prices)	Contribution to Cacadu R-GDP	Contribution to Eastern Cape R-GDP
<b>1995</b>	1 215 095	23.5%	1.92%
<b>2001</b>	1 219 496	21.2%	1.73%
<b>2007</b>	1 327 491	19.7%	1.51%

(Source: Quantec, 2007)

**Table 4.2: Average Annual R-GDP Growth Rate**

Period	Makana	Cacadu	Eastern Cape Province
<b>1995-2001</b>	0.06	1.83	2.60
<b>2001-2007</b>	1.47	2.82	4.21

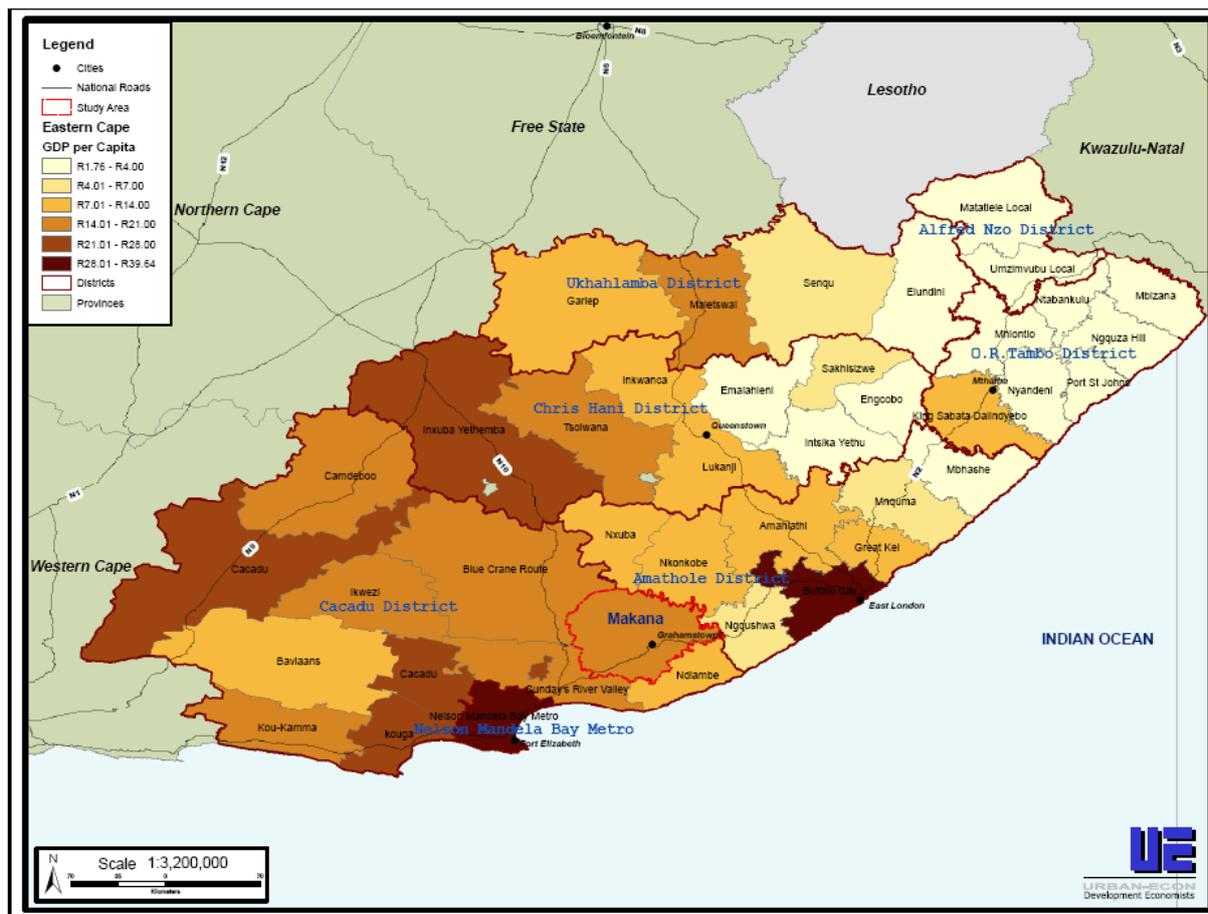
(Source: Quantec, 2007)

The Makana R-GDP in 2007 (at year 2000 constant prices) was approximately R1,3 billion, which accounted for 19.7% of the Cacadu R-GDP and 1.51% of the provincial R-GDP. Grahamstown makes the largest contribution to the Makana economy, mainly in the form of educational services and tourism related activities.

Looking at it from a historical perspective the Makana economy grew at a slow rate between 1995 and 2007, lagging behind district and provincial trends. The Makana economy performed below par from 1995 to 2001, as seen through a decline in agricultural incomes and changes in government and community service expenditures. From 2001 to 2007 the Makana economy grew at a faster rate than before (average of 1.47 a year), as tourism and agriculture recovered in the form of Private game reserves. Despite this, throughout the period 1995-2007, the Makana economy grew at a much slower pace than the Cacadu district and the Eastern Cape. There was thus a matching fall in the Makana area's contribution to district and provincial output.

**Figure 4.1 R-GDP per Capita in the Eastern Cape**

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(Source: Quantec, 2007)

Figure 4.1 shows R-GDP per capita for the entire Eastern Cape. The map reveals an approximate value of the goods and services produced per person in the Eastern Cape, and is based on the output and populations of each Local Municipality in the province. The map shows that Makana’s GDP per capita is in line with the provincial average.

Makana’s R-GDP per capita of R18.77 falls within the median range. This is in comparison to the former Transkei areas in the Eastern part of the province that typically have underdeveloped economies and industrial hubs such as Nelson Mandela Bay and East London. The Makana R-GDP per capita can be explained by how the economy is characterised by service trade, with little industrial manufacturing or resource based activity.

The sluggish performance of the Makana economy from 1995 to 2007 may undermine the fight against poverty, unemployment and crime in the area. Slow growth means that the economy may not generate enough permanent jobs to reduce unemployment. Low growth may also lead to more houses holds falling into poverty, becoming exposed to social ills such as crime and poor health.

It is worth noting at this point that the slow economic growth experienced may be partly attributed to outward migration by skilled people seeking employment and economic opportunities elsewhere.

## **2.3.2 SECTOR CONTRIBUTION TO R-GDP**

This section will consider each of the different economic sectors individually. This will be done in order to see which sectors are most active and dominant in the Makana area, and to gain a better understanding of how each sector functions.

### **2.3.2.1 STANDARD INDUSTRIAL CLASSIFICATION**

Classification of economic activity in this report shall be based on the South African Standard Classification of all Economic Activities (SIC) approach. Under this approach, similar forms of economic activity are organised and distinguishable under the following nine major sectors which are discussed further in Annexure 1:

1. Agriculture, hunting, forestry and fishing
2. Mining and quarrying
3. Manufacturing
4. Electricity, gas and water supply
5. Construction
6. Wholesale and retail trade;
7. Transport, storage and communication
8. Financial intermediation, insurance, real estate and business services
9. Government and Community services

As is evident, these sectors are made up of combinations of diverse forms of activity. Under the SIC approach, it is possible to disaggregate economic activity to sub-sectoral level, as well as into lower levels of greater detail.

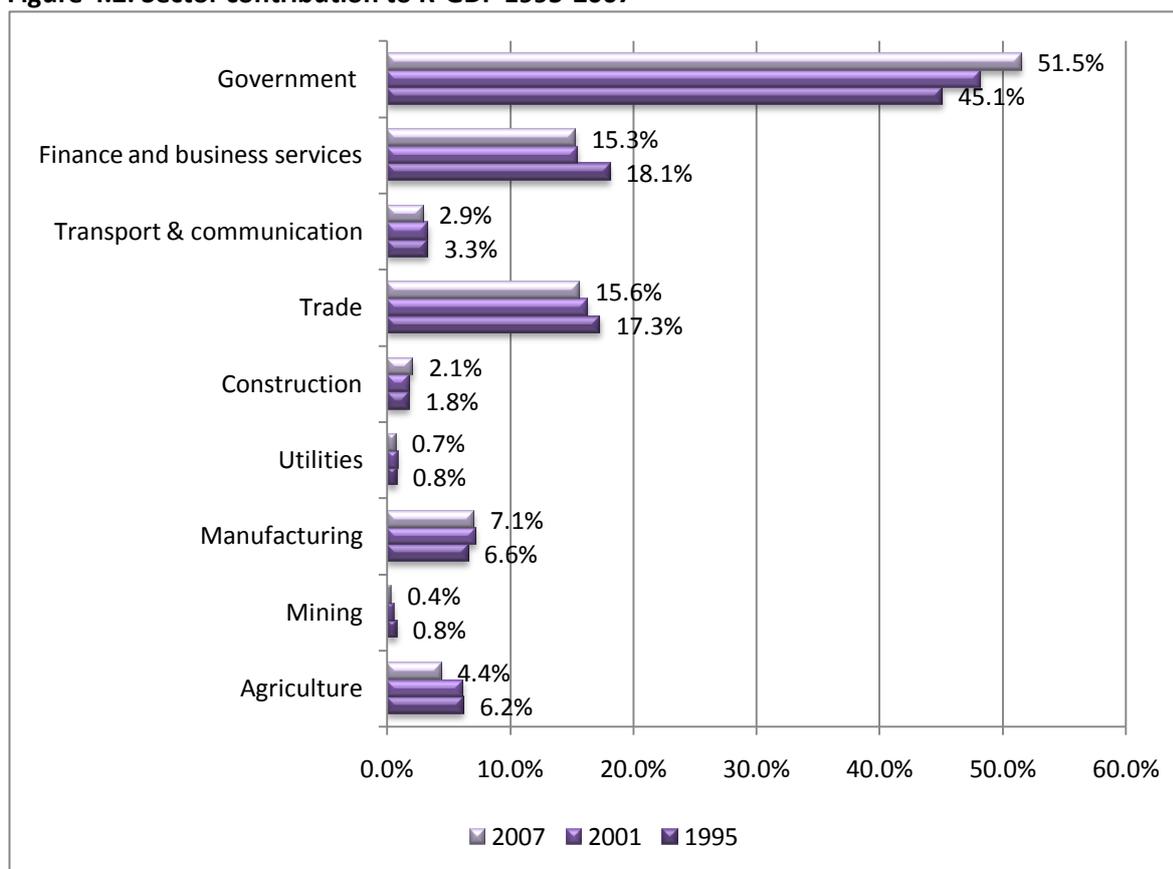
### **2.3.2.2 ECONOMIC STRUCTURE**

The relative contribution of each economic sector to R-GDP shows how important each is to the overall functioning of the Makana economy. Figure 4.2 shows historic trends of how much each economic sector has contributed over the period 1995 to 2007. It must be noted that official statistics only show activity in the formal economy, and do not reveal the full extent of activity in the informal economy.

Of Makana's entire R-GDP of approximately R1.3 billion, R684,046 million was generated in the Government and Community Services sector. This sector is made up of government spending in the form of municipal activities, and community services in the form of education facilities and services. The reason for the large size of this sector in Makana is the aforementioned existence of several educational institutions that generate significant incomes for the local economy. This sector's contribution increased by R136,166 million from 45.1 to 51.5%. It can be seen that this sector contributes a much higher amount to the Makana economy than is seen on a district (33.2%) or provincial (28.9%) level.

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**Figure 4.2: Sector contribution to R-GDP 1995-2007**



(Source: Quantec, 2007)

The other large contributors to the Makana economy are the trade and business services sectors. Agriculture only contributes towards 4.4% of output even though it is a notable source of employment. This is because by nature, agriculture is a primary sector in which little value addition takes place. This is compounded by fluctuating and generally depressed commodity prices.

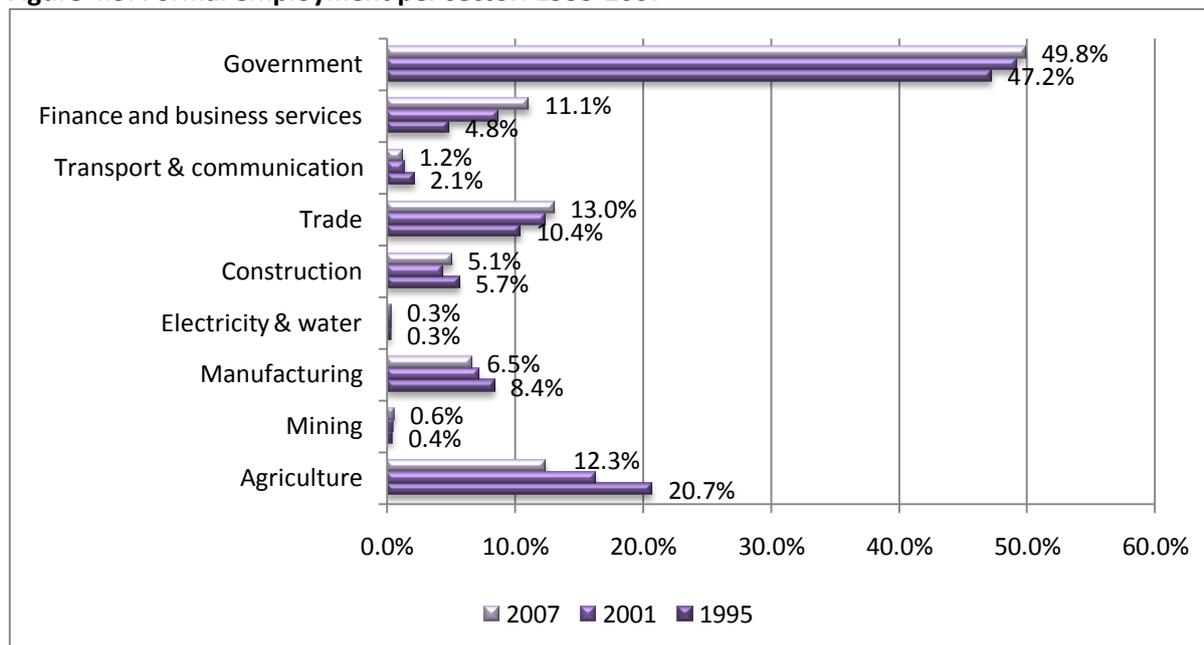
Makana does not possess a strong resource-based economy as the mining and agriculture sectors make a combined contribution of less than 5%. This then filters through to it having a manufacturing sector that plays a smaller role than is seen in the district and the province.

Overall from 1995 to 2007, the structure of Makana's economy has remained largely static, with little evidence of a structural shift or a change in focus of activity. The value of the contribution of the agricultural and financial services sectors fell, as did that of trade. Other changes will be discussed in the sector profiles. The structure of the Makana economy resembles district and provincial standards. However, it does differ in terms of the contributions of Government services, Manufacturing and Transport and communication.

### 2.3.2.3 SECTORAL EMPLOYMENT

It is prudent to consider how sectoral employment compares with sectoral output. This will allow identification of those sectors that are capital or labour intensive and thus driving potentially driving job creation in Makana. Figure 4.3 shows employment contributions per sector, with associated changes from 1995 to 2007.

**Figure 4.3: Formal employment per sector: 1995-2007**



(Source: Quantec, 2007)

Employment created by the government and community services sector (50%) matches its R-GDP contribution of 51%. Employment in this sector has increased as the sector's output has also increased. A large proportion of this is from Rhodes University, which directly employs approximately 10% (+1500 workers) of the entire Makana labour force, and indirectly creates employment in other sectors as well.

Employment in the finance and business services sector doubled between 1995 and 2007 from 767 to 1558 people. This saw a rise in its contribution from 5% to 11% even though this growth came off a relatively small base to start of with. The increase in employment in this sector also came about as the sector's contribution to R-GDP declined.

Other notable changes were seen in agricultural employment, where employment fell by 47% from 3 277 people in 1995 to 1 740 in 2007.

This means that agriculture which in 1995 accounted for 20% of all employment in Makana declined in its contribution to 12.3%. Despite this fall in employment, as well as falling agricultural output, the sector still employs a high proportion of people compared to its R-GDP contribution (12% employment for a 4.4% contribution to output. It thus emerges that it is an important economic sector in the region given that it is labour intensive and provides low skilled employment. However it is a low contributor to GGP and also provides largely low paying jobs.

Agricultural employment in Makana is less than half of the district level of 27.4%. Possible environmental and climatic causes for this will be discussed in the environmental and sector profiles.

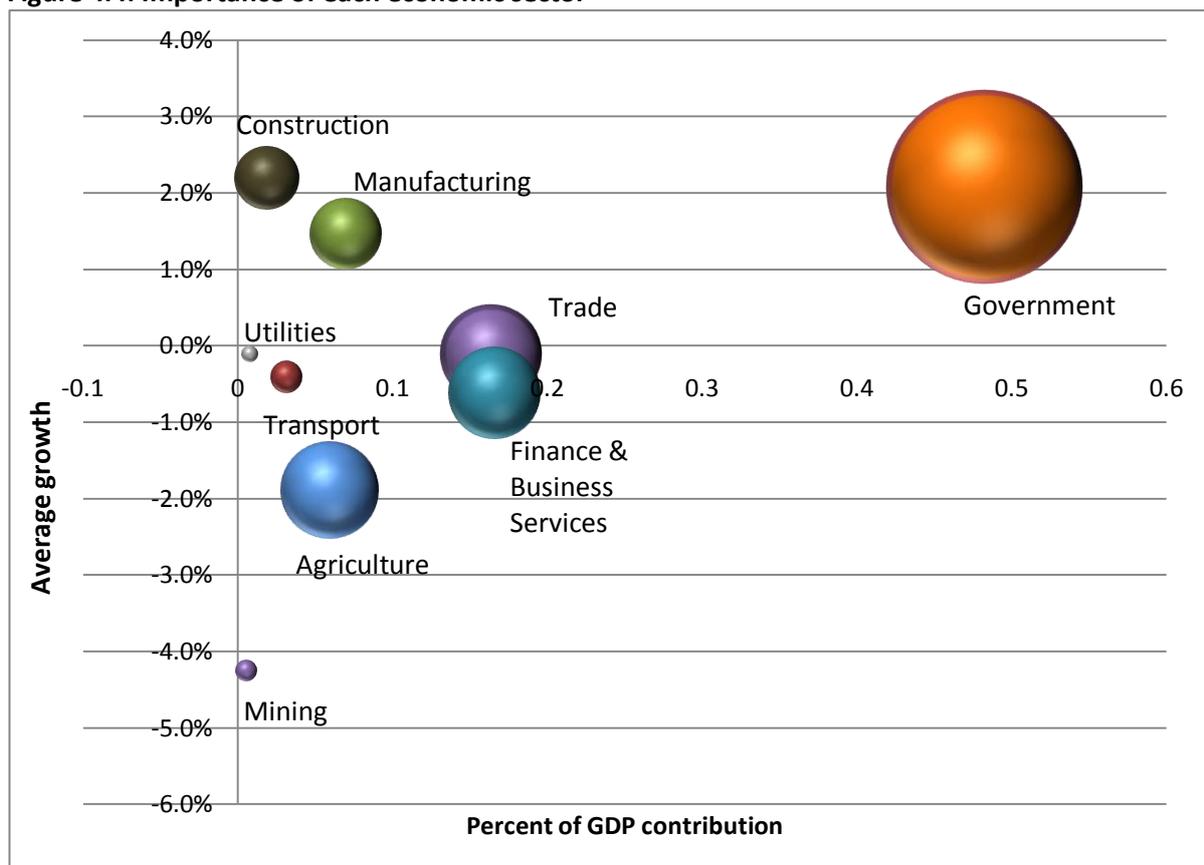
Makana generally mirrors district and provincial employment patterns. It does however, differ in terms of the employment contributions of the manufacturing sector, and government and community services.

#### 2.3.2.4 RELATIVE IMPORTANCE OF SECTORS

Figure 4.4 reveals the relative importance of different economic sector in Makana as seen through their:

- Average R-GDP Growth rates from 1995 to 2007
- Average contribution to R-GDP from 1995 -2007
- Average employment contribution
- 

**Figure 4.4: Importance of each economic sector**



(Source: Quantec, 2007)

Of Makana's entire R-GDP of approximately R1.3 billion, R684,046 million was generated in the Government and Community Services sector. This sector is made up of government spending in the form of municipal activities, and community services in the form of education facilities and services. The reason for the large size of this sector in Makana is the aforementioned existence of several educational institutions that generate significant incomes for the local economy. This sector's contribution increased by R136,166 million from 45.1 to 51.5%. It can be seen that this sector contributes a much higher amount to the Makana economy than is seen on a district (33.2%) or provincial (28.9%) level.

From Figure 4.4 it is clear that Government and community services dominate the Makana economy in terms of R-GDP and employment contribution. Though they currently do not contribute sizeable amounts to the R-GDP, construction and manufacturing grew faster than other sectors, albeit still at a slow pace. During that same period agriculture was declining. Three sectors (community services, trade

and finance) make up approximately 82.4% of Makana’s output, and this is visually represented in Figure 4.4.

A commonly used measure that indicates the level of concentration or diversification of the economy is the **Tress index**. The Tress index will allow the importance of the sectors shown in Figure 4.4 to be quantified, so as to show how mixed the range of activity in Makana is.

A Tress index of 0 (zero) indicates a totally diversified economy, while a number closer to 100 indicates a high level of concentration in the economy.

Makana’s Tress index for 2007 was **67.14**, which shows a high level of concentration and confirms the dominance of the government sector revealed in Figure 4.4. Makana’s Tress index has gone up from its value in 1995 of 63.83, which indicates that the economy is becoming less diversified with time.

### 2.3.2.5 COMPARATIVE ADVANTAGE

Comparative advantage refers to a local economy’s ability to produce a particular good or render a service at a lower opportunity cost and more efficiently than another local economy. The comparative advantage that a specific sector has in the economy may be measured through the calculation of a location quotient.

The location quotient compares the relative contribution of a sector in the local economy, with the contribution of the sector to the regional economy. By interpretation, a location quotient of more than one (1) would indicate that the local economy enjoys a comparative advantage in that particular sector, and vice versa. A location quotient, as a tool, does not take into consideration external factors, such as government policies, investment incentives and proximity to markets etc., which can influence the comparative advantages of an area.

The location quotient can be interpreted as follows:

- A Location Quotient greater than 5 is very high and suggests a high level of local dependence on this sector.
- If the location quotient is greater than 1.25, than that sector is serving the needs that extend beyond the boundaries of the local area. This sector is therefore likely to be ‘exporting’ goods and services.
- If the location quotient is between 0.75 and 1.25, the community is self-sufficient in this sector. A Location Quotient of 1 occurs when local percentage employment is equal to provincial percentage employment.
- If the location quotient is less than 0.75, local needs are not being met by the sector and the municipality is ‘importing’ goods and services in that sector.

Table 4.3 presents the location quotients (LQ) of employment for each economic sector in the Makana municipality for 2001 and 2007.

**Table 4.3: Location Quotient**

Sector	2001	2007
Agriculture	1.80	1.73
Mining	0.84	1.03
Manufacturing	0.43	0.44
Utilities	0.74	0.74
Construction	0.92	1.02
Trade	0.86	0.81

Transport & communication	0.45	0.40
Finance and business services	0.69	0.74
Government	1.25	1.30

Based on the results presented in Table 4.3, it can be seen that: Makana has a strong comparative advantage in **agriculture and government services**. This is in line with its role as one of the larger small towns in the province.

- The area was historically strong in terms of agriculture, but is losing its advantage within the province.
- The municipality's strength in government and community services is improving, as a result of the expansion of education facilities found in Grahamstown between 2001 and 2007

Compared to the provincial average, Makana performs poorly in terms of **manufacturing, transport and communication, utilities and business services**

- Because Grahamstown is a small town, there is a smaller emphasis on the provision of business services, utilities and transport and communication infrastructure
- Makana does not have a comparative advantage in manufacturing, as most major industry in the province is located in East London and Port Elizabeth. This means that per capita, less manufacturing activity takes place in Makana than in the rest of the Eastern Cape.

Other sectors registered median location quotients, which indicate that the municipality engages in those activities in an intensity similar to that of the province.

#### 2.3.2.6 COMPARATIVE SECTORAL PERFORMANCE

This section will analyse the performance of the economic sectors using several standards. These will be shown in Table 4.6. The analysis will examine the different economic sectors' employment growth relative to the growth in the overall economy at the provincial level.

- The **Provincial Sector Relative Growth** ( Prov. SRG) indicates if a sector's growth at the provincial level was higher or lower than the provincial growth overall.
- The **Local Sector Relative Growth** ( Local SRG) indicates if the selected sector's growth at the local level was higher or lower than the provincial employment growth in the same sector.

For both of these indicators, the three possible values that may result are for a sector to be found to be leading, lagging or even with regards to its growth.

- The **Carvalho Classification** is a system of evaluating an economies performance, verbally, based on three indicators namely: employment specialization (location quotient), the industrial effect and regional/local effect from shift share analysis.
  - The **Industry Targeting Classification system** is similar to the Carvalho model in that it is based on a combination of the LQ, PSRG and LSRG values and is expressed verbally not numerically. It however classifies sectors in terms of phrases so as to suggest what kind of growth prospects one could expect from that sector.
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**Table 4.4: Comparative Sectoral Performance**

Sector	Prov. SRG	Local SRG	Carvalho	Industry Targeting Classification
Agriculture	Lagging	Lagging	Promising	High Priority Retention Target
Mining	Leading	Leading	Accelerating	Current Strengths
Manufacturing	Lagging	Lagging	Marginal	Prospects Limited Overall
Utilities	Leading	Lagging	Yielding	High Priority Retention Target
Construction	Leading	Leading	Yielding	High Priority Retention Target
Trade	Leading	Lagging	Yielding	High Priority Retention Target
Transport & communication	Leading	Lagging	Modest	Prospects Limited By Weak Base and Declining Competitiveness
Finance & business services	Leading	Leading	Modest	Prospects Limited By Weak Base and Declining Competitiveness
Government	Lagging	Lagging	Challenging	Prospects Limited By External trends and Declining Competitiveness

From this analysis it emerges that Makana's growth in employment lagged behind the provincial growth rates in several sectors, as shown through the result of the Local Sector Relative Growth. The only sector's that employed labour at a faster rate than the provincial average were mining (which is very small in the Eastern Cape) and finance and business services.

Agriculture can be identified as a priority identification sector when using the industry targeting classification.

This is because it employs a high number of people in the region, as seen by the fact that it has the highest location quotient of all the sectors. Another noteworthy high priority retention target sector is trade, which to some degree represents activities linked to tourism.

### 2.3.3 SECTOR PROFILES

This section provides an overview of all the economic sectors in Makana, profiling the nature and extent of activity to be found as well as their defining traits.

#### 2.3.3.1 AGRICULTURE

The agricultural sector includes all activities related to growing of crops, gardening and horticulture, farming with animals, agricultural husbandry services, hunting, trapping and game propagation, forestry and logging, fishing and operation of fish hatcheries .

In Makana the distinct types of activity to be found in this sector are:

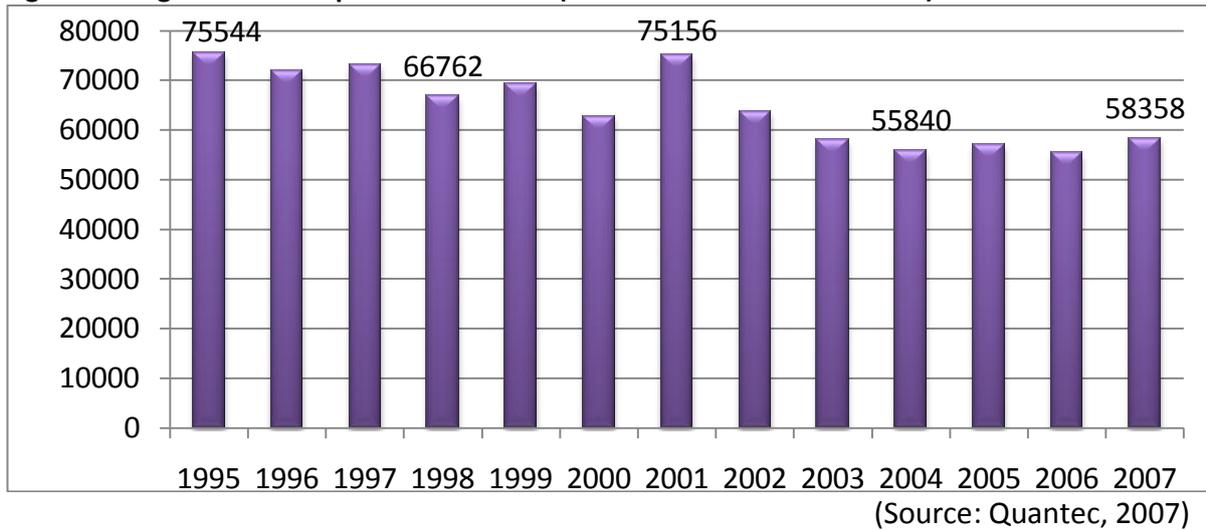
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- Commercial Agriculture
- Emerging and Subsistence Agriculture
- Hunting and Private Game Reserves

### 2.3.3.2 PERFORMANCE OF AGRICULTURE IN MAKANA

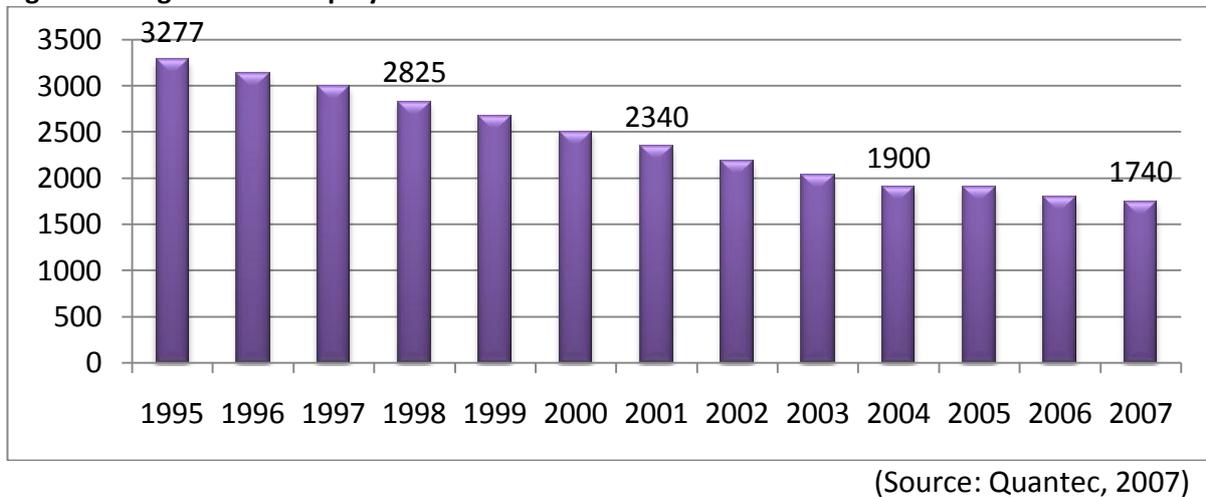
The contribution of the agricultural sector to the total R-GDP of the Makana area and the number of people employed in the sector from 1995 to 2007 are presented in Figures 4.5 and 4.6 respectively.

**Figure 4.5: Agricultural Output: 1995 to 2007 (R'000 at constant 2000 Prices)**



Commercial agriculture is historically important in the Makana economy, having in the past made a significant contribution to employment and R-GDP output. Commercial agriculture has however, been declining since 1995, with its contributions to employment having fallen from 20.7% to 12.3% in 2007. This is largely a result of liberalisation of agriculture in the post-apartheid era, which resulted in a collapse of controlled marketing in the form of prices floors and subsidies. The value of output fell at an average rate of 0.02% per year between 1995 and 2007, from R75.5 million to R58.3 million.

**Figure 4.6: Agricultural Employment 1995 to 2007**



Between 1995 and 2007, the number of people employed in agriculture fell by 1537 jobs from 3277 to 1740. This is almost half the number of people that were employed in the sector in 1995, which underscores how severe the decline of agriculture in Makana has been. The collapse of agriculture has been cushioned by the growth of private game reserves in Makana which have reduced the otherwise significant decline. This has meant that the fall in employment, and increase in poverty in Makana from 1995 to 2007 has been less intense

### 2.3.3.3 COMMERCIAL AGRICULTURE

Commercial agriculture focuses on stock farming to the north of Grahamstown and mixed farming to the South of Grahamstown. This is a reflection of the different climatic conditions experienced and varying patterns of farm size between the northern and southern parts of Makana.

The area to the north of Grahamstown is known as Upper Albany, and accounts for approximately two thirds of the municipality. As was revealed in the environmental profile, Albany North receives mean annual precipitation of less than 400mm, which makes it unsuitable for crop farming except under irrigation. Livestock and game farming thus dominate in Upper Albany. Lower Albany receives mean annual precipitation of over 600mm, which makes the land well suited to rain-fed cropping (Agriculture in Makana, 2008).

**Stock farming** is concentrated in Cattle (for beef), Goats (for meat and mohair), Horses (for stud breeding), Sheep (for wool) and rearing of Ostriches (for meat, hides and feathers). Farmers target local and regional markets in Grahamstown, East London and Port Elizabeth, depending on the specific form of Livestock, and the prevailing market conditions. Marketing channels used include local and regional abattoirs, brokers, agents and local produce markets and fairs. Average livestock farm sizes are between 1 000 and 3 000 hectares.

**Mixed farming** concentrates on livestock and crop products such as Pineapples, Olives, Pepperdews and Chicory. Makana agriculture focuses on these crop products because growing traditional crops such as Maize and cotton are no longer recognised as profitable in the area, due to the rainfall patterns and other climatic variables, and market conditions. The rain shadow that runs to the north of Grahamstown reduces the scope of land that can be used for crop farming. In addition to this, the water quality in areas such as Salem and Fort Brown is not conducive for growing most crops, due to its salinity and tendency to oxidise. Irrigation is undertaken on some farms, so as to supplement the low rainfall. The average size of mixed farms is between 100-500 hectares, as these need less land for livestock grazing.

The main source of income for commercial farmers (78%) is from livestock farming and animal products. This is largely made up of dairy farming (41%). With regards to field crops, the majority of income comes from maize and chicory (a combined contribution of 74%). Most value addition of commercial agricultural produce (packaging, canning, manufacturing, processing, etc) occurs outside the Makana Municipality. There is however, some value addition that takes place, which will be discussed in the manufacturing sector profile. (Agriculture in Makana, 2008).

In the Census of Commercial Agriculture conducted in 2002 it was reported that there were 165 commercial farms in the Makana area. Between 2002 and 2009 that figure has probably reduced as a result of some farms being converted to game reserves and others lying fallow. Commercial agriculture

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in Makana is organised around several geographically based farmers associations, which are all syndicated into the Albany-Bathurst Farmers League. Other farmers associations in the area include:

- Eastern Border Farmers' Association
  - Belton-Salem Farmers' Association
  - Carlisle Bridge Farmers Association
  - Bathurst West Farmers Association
  - Koenap Farmers Association
- (Agriculture in Makana, 2008).

Challenges Faced by Commercial Farmers in Makana include:

- Water shortages, and inadequate infrastructure (irrigation, boreholes etc) to mitigate resultant effects.
  - Problem animals that are introduced through Private Game Reserves. These kill livestock and introduce diseases to the area
  - Crime in the form of stock theft
- (Agriculture in Makana, 2008).

#### 2.3.3.4 EMERGING AND SUBSISTENCE AGRICULTURE

Emerging and subsistence agriculture in Makana follows patterns found throughout most of the Eastern Cape.

**Emerging farmers** in Makana are PDIs that are engaging in agriculture of a commercial orientation, often on farms that were previously farmed by commercial farmers. Emerging farmers typically operate on plots of land that are less than 20ha in size which are often in the form of commonages leased out from the Makana Municipality or the Department of Agriculture. Group and cooperative activity dominates as the most common form of organisation due to limited resources (such as land and equipment) and skills. Emerging farmers are principally involved in the rearing of livestock, piggeries and poultry.

**Subsistence agriculture** in Makana is made up of people residing in villages and townships that use agriculture as a means to supplement their food and income requirements. This form of agriculture is impeded by the availability of arable and grazing land, which reduces the potential for increased maize and livestock production going into the future. Because Makana is a largely urbanised area (with most settlements being in townships rather than rural villages) subsistence agriculture is not spatially spread out, which further diminishes the availability of land.

Emerging and small scale farmers are organised under the Makana Farmers Association and the Grahamstown Stockowners Association, which have a combined membership of approximately 100 farmers. Some of the challenges they face include:

- Lack of skills, training and education
- Inadequate land, which leads to problems such as stray animals, theft, land degradation, etc.
- Insufficient support from the Department of Agriculture in the form of mentorship, extension officers, dipping facilities etc.
- Low profit margins because of low market prices and small scope of operations
- Inadequate working capital for day-to-day operations (chemicals, seed, fuel, etc)
- Access to markets

(Makana Farmers Association, 2009)

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#### 2.3.3.5 HUNTING AND PRIVATE GAME RESERVES

The third distinct type of activity found in Makana's agricultural sector is hunting and private game reserves. This is a form of activity that has grown immensely in Makana from 1995 in terms of market players, hectareage covered and revenue. Though now somewhat saturated, the market for Private game reserves and Hunting is now a notable contributor to agricultural sector output in Makana.

Game reserves are mainly made up of land that was traditionally previously used as farms, but has been integrated and agglomerated into a larger entity. Private game reserves target international tourists that have high purchasing power during peak seasons as their main customers, and local tourist during low seasons.

Not all the income generated by Game reserves and hunting activity is reflected under the agricultural sector, as their activities also fall under the SIC classification of Trade. The scope of activity that fall under the agricultural classification includes revenues directly sourced from:

- Rearing of animals
- Game propagation
- Hunting and trapping

The transformation of land from pastoral farming to use as hunting and game reserves has yielded mixed fortunes throughout the Makana area. Average employee wages on game reserves and hunting operations are typically higher than those on traditional farms. However, these operations are often less labour intensive than traditional agriculture and thus employ fewer people than farms. This means that total community welfare and income (as expressed through wages earned and other benefits such as rations, housing subsidies, etc.) may not necessarily rise in every instance in which farmland has been converted into a hunting and game reserve (Whisson, 2009).

#### 2.3.3.6 WHAT THIS MEANS FOR LED

Agriculture has traditionally been significant in the development of Makana, because of the historic importance of commercial agriculture, and its ability to provide for community livelihoods. However, given the demise of traditional agriculture, Local Economic Development in Makana through agriculture will only be achievable through a change in the mindset of farmers. The success of changing orientations is seen in the growth of private game reserves and the emergence of niche operations that focus on products such as pepperdews and ostriches. Opportunities such as bee-keeping, tunnel farming and aquaponics will need to be explored as mainstream activities such as sheep farming are no longer within the range of profitable agriculture in Makana.

#### 2.3.3.7 MINING

This sector includes the extraction and beneficiation of minerals occurring naturally through underground and surface mines, quarries and all supplemental activities for dressing and beneficiating for ores and other crude materials.

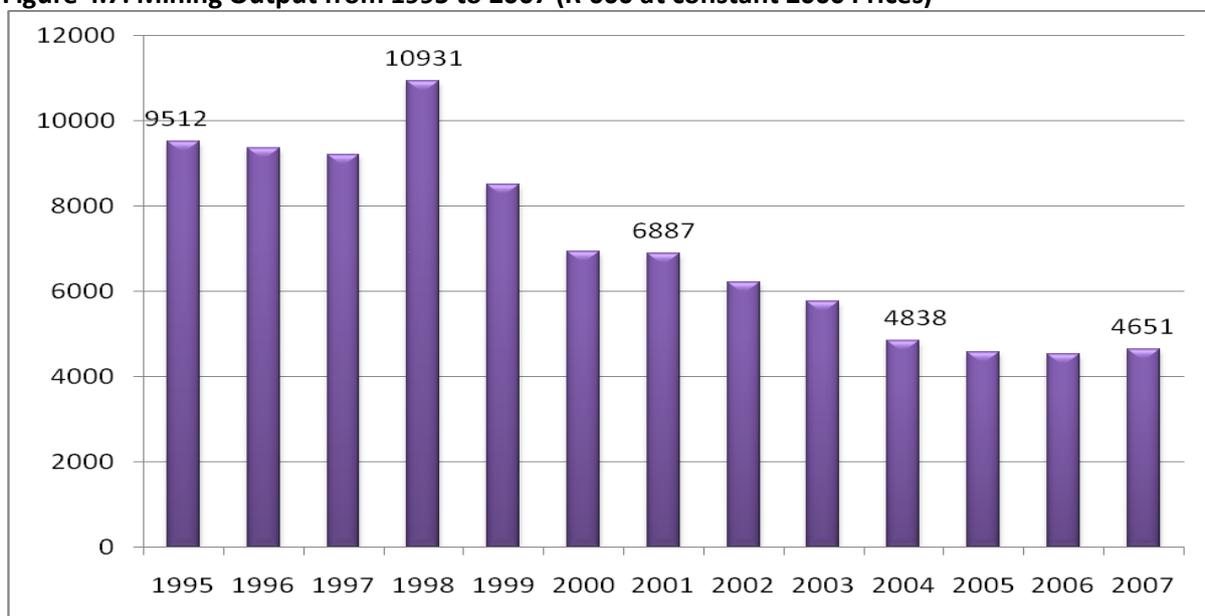
#### 2.3.3.8 PERFORMANCE OF MINING IN MAKANA

Based on the above definition, mining in Makana takes the form of surface mining of Kaolin and sand quarrying. As was revealed in section 4.2 of this chapter, mining makes the smallest contribution of all the sectors in Makana. Figure 4.7 shows the performance of the mining sector, in terms of the value of

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its output from 1995 to 2007. The value of mining output fell from R9.51m to R4.65m in 2007, having peaked in 1998.

**Figure 4.7: Mining Output from 1995 to 2007 (R'000 at constant 2000 Prices)**



(Source: Quantec, 2007)

With regards to employment, between 1995 and 2007 the number of people employed in the Makana mining sector has gone up from 66 to 78. Although increasing, this represents only 0.6% of all the people employed in Makana. As employment grew by a marginal amount from 1995 to 2007, the value of Makana's mining output fell by 51%. From this it emerges that mining makes a negligible contribution to the Makana economy in terms of both employment and R-GDP.

#### *2.3.3.9 AVAILABILITY OF RESOURCES AND THEIR ECONOMIC LINKAGES*

The geological profile of Makana indicates that the main resource that is available for extraction is Kaolin. Kaolin is a clay mineral that is used in the production of ceramics, bricks, tiles, paper, paints, pharmaceuticals and industrial minerals. Grahamstown boasts large untapped and underutilised deposits of Kaolin, but much of these reserves are of a low quality grade. Kaolin from Makana accounts for about 25% of national production, which shows how substantial and economically important its kaolin reserves are. Makana has approximately 100m tonnes of kaolin reserves, which is enough to supply the national market for over a hundred years based on current demand. (Mining in Makana, 2007).

Apart from mining of Kaolin, rock aggregates are extracted from quarries and borrow pits. The material extracted from these excavations is used as sand, gravel, crushed stones and crushed aggregates that are used in road and general construction. (Mining in Makana, 2007)

#### *2.3.3.10 MARKET AND TECHNOLOGY TRENDS*

Nationally, the kaolin industry was worth R118 million in 2005, with production having peaked in the mid 1990s. Since then demand for South African Kaolin has declined, which has led to the fall in production and thus the value of output as reflected in Figure 4.7. The falling demand is a result of the creation of synthetic substitutes, and competition from suppliers such as China.

Within South Africa, demand for Kaolin from the Makana region has further shrunk as the result of competition from deposits found in the Western Cape that are of a superior quality and are closer to the market (Mining in Makana, 2007).

This has meant that several mines have closed down since 1995, which further explains the fall in the value of mining output shown in Figure 4.7. The bulk of all mining activity is undertaken by East Cape Quarries at Mayfield Mine, GW Base at Strowan Mine and Makana Brick at Beaconsfield Mine. Quarrying is undertaken throughout the region, with the larger operations being run at Kingston Sand Mine, Glen Craig Quarry and Keeton Sand Mine. Emerging PDI small scale miners that wish to pursue interests in the kaolin value chain form an interest group in the Makana mining sector.

The material does not need to be processed before delivery so it is loaded onto transportation trucks as soon as it is excavated. This means that mining operations in Makana do not employ high numbers of people, the implication being that technology and labour inputs are low. This means that as much as there is a large pool of labour available, its services are not required. Kaolin that is mined in Makana is beneficiated outside the municipality (mainly in Gauteng and the Western Cape). This further reduces the scope for employment creation through value-adding activities subsequent to the extraction of Kaolin.

#### *3.3.3.11 WHAT THIS MEANS FOR LED*

As much as Makana possesses large reserves of Kaolin, this does not directly translate into significant potential for economic growth and development. Due to extrinsic matters (locality of Makana in relation to major industrial hubs, market factors, waning global demand, etc) the scope for an expansion of mining activity or even that of improved sectoral linkage is very limited.

#### **3.3.4 MANUFACTURING**

This sector is broadly defined as the physical or chemical transformation of materials or compounds into new products and can be classified into 10 sub-groups namely:

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1. Food, beverages and tobacco
2. Textiles, clothing and leather goods
3. Wood and paper; publishing and printing
4. Petroleum products, chemicals, rubber and plastic
5. Other non-metal mineral products
6. Metals, metal products, machinery and equipment
7. Electrical machinery and apparatus
8. Radio, TV, instruments, watches and clocks
9. Transport equipment
10. Furniture and other manufacturing

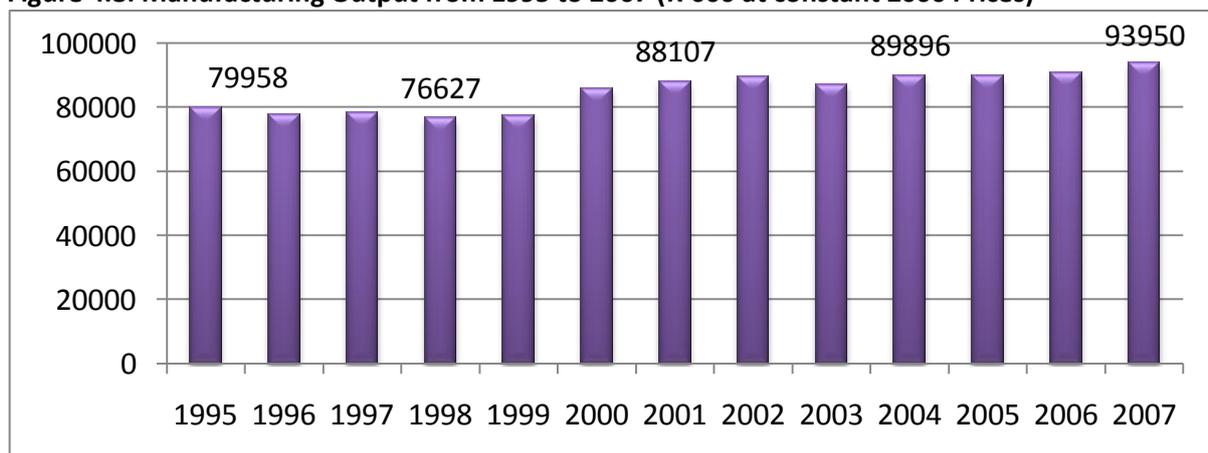
The Manufacturing sector is thus the sector where natural resources and other intermediate goods are converted through value adding processes into final products for the Trade sector.

#### 3.3.4.1 PERFORMANCE OF THE MANUFACTURING SECTOR

The size of the manufacturing sector in an economy is often taken as representative of its state of development. Makana has a small manufacturing sector, which contributed towards 7.1% of the regional R-GDP and 6.5% of formal employment. As shown in Figure 4.8, the value of Makana's manufacturing output increased from 79,958m in 1995 to 93,950m in 2007. This represents an average year on year growth rate of 1.45%.

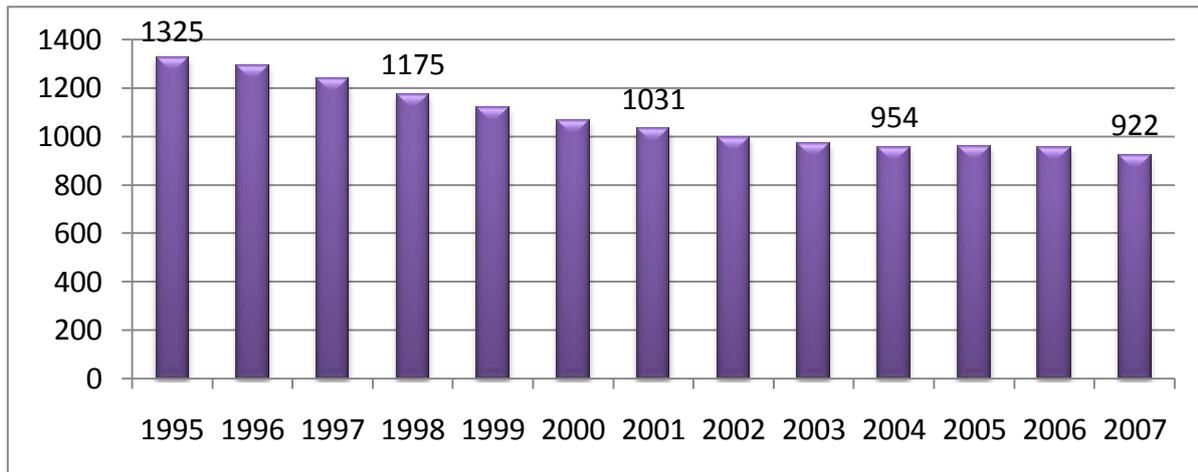
A small increase in the value of Makana's manufacturing output occurred while the number of people employed in the sector fell from 1325 in 1995 to 922 in 2007. This is shown in Figure 4.9. This represents an average year on year decline of 2.5% in manufacturing employment levels. The fall in employment may be attributed to the effects of unionisation experienced in South Africa in the period just after 1995.

**Figure 4.8: Manufacturing Output from 1995 to 2007 (R'000 at constant 2000 Prices)**



(Source: Quantec, 2007)

**Figure 4.9: Manufacturing employment**



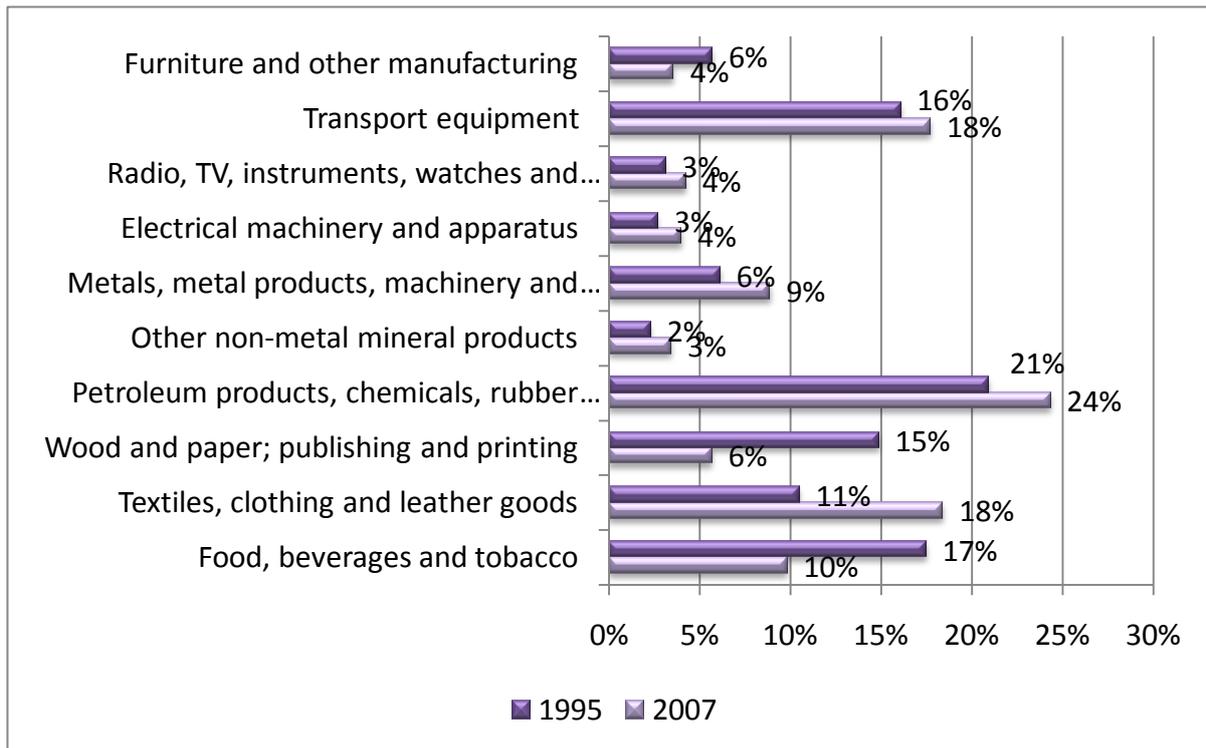
(Source: Quantec, 2007)

Another contributing cause for the fall in employment would be the decline in output associated with the manufacture of food and beverage products. The value of products in the food and beverages subsector fell from approximately R14.1m in 1995 to R9.2m in 2007, as a result of the general decline in agricultural activity that the Makana area experienced

Figure 4.10 breaks down the manufacturing sector's output into its constituent activities, as previously listed. Figure 4.10 also shows changes in the composition of the manufacturing sector from 1995 to 2007. The largest contributor to manufacturing in Makana is in the form of Makana Brick and Tile, which falls under the manufacture of petroleum products, chemicals, rubber and plastic. This constitutes 24% of the total value of Makana's manufacturing output.

The contribution of the Textiles, clothing and leather goods subsector went up from 11% in 1995 to 18% in 2007 as the value of its output more than doubled. This may be attributed to specialist operations such as the Phillippe leather tannery and Mohair processors and manufacturers such as Jan Paul Barnard.

**Figure 4.10: Contributors to Makana Manufacturing Output**



(Source: Quantec, 2007)

An interesting observation is that while the value of this subsector's output increased from 1995 to 2007, employment within this subsector actually fell. This may mark a departure from labour intensive activity towards high-value added production.

Between 1995 and 2007 the contribution of the Food, beverages and tobaccos subsector, which is generally labour intensive fell from 17% to 10%. This can be seen as a result of the decline in agriculture experienced over the same period. The fall in this subsector's output contributed significantly to the overall fall in manufacturing employment in Makana. This would have seen the amount of dairy processing and other such activities go down.

### 3.3.4.2 AVAILABILITY OF RESOURCES AND THEIR ECONOMIC LINKAGES

Manufacturing is traditionally dependent on the primary activity that occurs within a locality and its immediate vicinity. This normally means drawing on raw materials such as mining agricultural and agricultural produce as input in the manufacturing process. However, with agriculture and mining making a combined contribution of less than 5% towards the Makana economy, there is little scope for resource based local value addition.

This is underscored by the fact that agriculture has been on the decline in Makana since 1995, and that processing of Kaolin (the primary output of mining in Makana) occurs outside the Makana area.

Manufacturing in Makana is based on its latent and historical strengths, which promotes economic linkages. This can be seen through examples such as:

- Makana Brick and Tile which has linkages with mining and construction
- Processing of Peppercorns, mohair and ostrich meat, that is based on agricultural activity
- The Makana Meadery, that takes advantage of the presence of Rhodes University (Government services)

- Small scale manufacturing such as bakeries (e.g. Oatlands Bakery), furniture manufacturers (e.g. Pine Craft Manufacturers) and mechanics and vehicle repair shops (e.g. Makana engineering) that are typically found to exist in small towns such as Grahamstown

### 3.3.4.3 MARKET AND TECHNOLOGY TRENDS

The most dominant firm in Makana manufacturing is Makana Brick and tile, which employs approximately 200 people and is the third largest employer in the area after Rhodes University and the Makana municipality (Makana Brick, 2009). It recently increased its production capacity, which limits scope for future expansion. Despite this, it serves the immediate local market (Grahamstown) as well as a large proportion of the entire Eastern Cape Province.

Other manufacturing operations in Makana are significantly smaller and thus employ fewer people. These operations service niche markets, which limits scope for further future expansion. Improved marketing of niche products such as Ostrich leather could improve the prospects of the local manufacturing sector, both locally and globally.

The geographical distances from suppliers and to final markets make the local manufacturing operations sensitive to changes in market conditions. These could include fuel price changes, given the high use road freight. Reliance on road freight is set to increase in the future as a result of recent and planned changes in operations of rail linkages to and from the Makana area. This acts as a deterrent against the establishment of large manufacturing enterprise in the locality. This coupled with the dominance of East London and Port Elizabeth as industrial powerhouses in the Eastern Cape and Grahamstown's spatial location mean there is limited room for growth of Makana's manufacturing sector.

### 3.3.4.4 What this means for LED

Manufacturing in Makana is described under the Industry Targeting Classification in Table 4.4 as having 'limited prospects overall' and under the Carvalho classification as making a 'marginal' contribution to the municipality's economy. Despite this forecast, there is scope for specialist/niche manufacturing activity such as deboning of ostrich meat. As a result of Makana's industrial profile, such operations will not typically employ large amounts of labour. They can however, generate much needed income into the area and will often have linkages with other economic sectors.

### 3.3.5 CONSTRUCTION

The construction sector includes activities related to site preparation, construction of buildings, building installations, building completion and the renting of construction equipment. The range of activity contained within the construction sector thus includes shop fitting, plumbing, electrical contracting, painting and decoration.

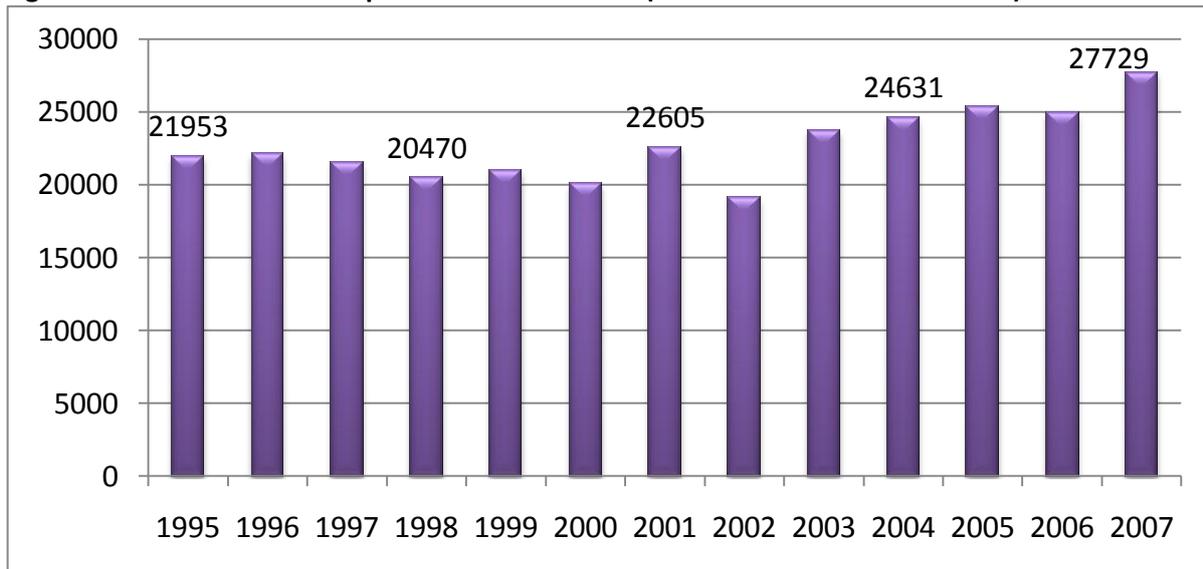
#### 3.3.5.1 PERFORMANCE OF THE CONSTRUCTION SECTOR

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The performance of the Makana construction sector is shown in Figure 4.11. It must be noted that the construction sector has a 'derived productivity'. This means that it depends on the amount of development taking place. For example, an Agro-processing Hub will require the necessary infrastructure, stimulating the Construction sector, in turn, a need for a residential area close to the hub may be necessary, also stimulating the Construction sector.

The performance of the construction sector can thus be taken to be an indicator of the general amount of developmental activity taking place within an economy

**Figure 4.11: Construction Output from 1995 to 2007 (R'000 at constant 2000 Prices)**

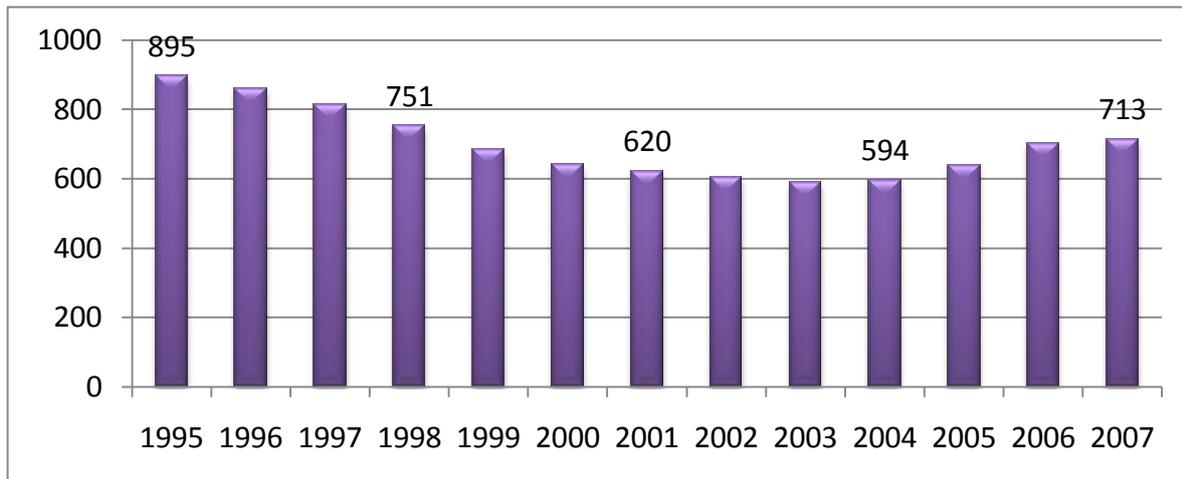


(Source: Quantec, 2007)

The total value of output of the construction sector rose from R 21,95m in 1995 to R 27,72m in 2007. This represents a year on year average growth rate of 2.16%. The construction sector thus grew at a moderate rate, albeit from a small base. Despite the economic downturn experienced from 2007 onwards, it is expected that construction activity will not significantly decline as Rhodes university still plans to increase its size.

Table 4.5 shows employment trends in Makana's construction sector. It can be seen that employment changes mirrored output changes. It must be noted that the statistics provided only reflect official form employment, and do not reveal the full extent of informal employment in the construction industry. This means that they may not reflect the output and employment of a home-owner modifying their house into a Bed and Breakfast, and other such activity.

**Table 4.12: Construction Employment**



(Source: Quantec, 2007)

### 3.3.5.2 AVAILABILITY OF RESOURCES AND THEIR ECONOMIC LINKAGES

**Labour** and **physical inputs** are the main resources needed in the construction sector.

There is a significant shortage of skilled **labour** in Makana that can be used for construction services.

Scarce skills in the construction sector include but are not limited to:

- Management skills, more specifically project management skills are required to effectively operate and manage the business as a contractor
- Linked to management skills but crucial to the survival of any business is financial management skills
- Technical skills such as bricklaying, plumbing, electrical wiring etc.

This means that there are a few large and accredited building contractors in Makana that are able to undertake large, high value projects. Such contractors are typically associated with the Master Builder's Association. Large construction sector organisations in the Makana area include *CM Heunis Building* contractors and *Strydom and Kroqwana Construction*.

In order to remain accredited, they often have to bring in skilled and certified labourers from outside the Makana area, which represents an income and employment leakage out of the Makana area. A leakage in this context refers to a flow of resources out of the local economy.

Building contractors are thus often brought in from outside the Makana area in order to oversee building projects. The contractors who are from outside the LM do however provide jobs for the locals but often bring in their own labour, and for this reason local job creation is not as high as it could be in the construction sector. In addition to this, limited institutional support for apprenticeship, mentorships and other forms of training propagate continued leakage of incomes from the area.

There are several emerging building contractors located within the Makana region. However, they are often plagued with a lack of experienced and skilled staff, which limits their growth. Other problems faced by emerging contractors include project management capacity constraints that ultimately affect project completion and quality. As a result of no accreditation, emerging contractors are often bypassed when it comes to opportunities to tender for high value construction projects such as government funded infrastructure provision. This then reinforces a cycle in which emerging contractors remain too small, inexperienced and undercapitalised to grow their businesses.

(Lisa Trading, 2009)

**Physical inputs** are widely available throughout the Makana area, as there are a wide range of suppliers or equipment, tools, machinery, etc. though falling under the Trade sector; these include large (MBA associated) organisations such as *Pennypinchers*, *PG Glass and D&A Timbers*. Small emerging businesses such as *Grahamstown Block and Quarry* also contribute.

### 3.3.5.3 MARKET AND TECHNOLOGY TRENDS

The construction sector's growth over the period from 1995 to 2007 was largely driven by demand directly emanating from Rhodes University, and secondary activities linked to the Rhodes University's expansion. There increased was demand for construction services from Rhodes University as is expanded its residential offerings and increased the number of its lecture halls and allied facilities.

Related to this, as Rhodes University expanded its enrolment from 1995 to 2007, there was demand for residential housing space to cater to its increased student and staff numbers. This combined with an already existing shortage of housing in Grahamstown (across all income bands) to have the effect of pushing up property prices. Housing prices are pushed up by a high demand for student accommodation and a low supply of such accommodation. This created an investor's market in which non-locals sought to buy property in Grahamstown, while local residents were not willing to sell their property.

As a result of the increased revenues resulting from the expansion of Rhodes University, there was also a marked increase in demand for commercial office space in Grahamstown. As an offshoot of this, property development has emerged in Makana as a new trend in the construction industry where contractors and business people purchase property and develop it for resale.

In a pattern similar to other localities in the Eastern Cape, government funded projects such as the construction of RDP houses and infrastructure projects also play an important role in driving growth in the construction sector. This means that many opportunities in the construction industry emerge as a result of construction projects being released to tender by municipality so that companies in the private sector may be able to participate. One challenge that is faced in the construction sector is the low pace at which skills transfer from large established companies to emerging contractors is taking place in Makana.

(Lisa Trading, 2009)

Other driving forces in the Makana construction sector during this period would have been from farms being converted into Private Game Reserves. Demand for industrial allotments was largely stagnant during this period, as most of the industrial space in Makana is largely underutilised at present.

### 3.3.5.4 What this means for LED

There is a general lack of construction skills in the area that must be addressed in order for the construction industry in the area to exploit opportunities. This skills constraint affects emerging contractors the most as it leads to the continued marginalisation and underdevelopment. The skills shortage also means that income and employment often results in leakages outside of the Makana Municipality.

### 3.3.6 TRADE

The trade sector is defined as the resale (sale without transformation) of new and used goods to the general public for personal or household consumption or use by shops, department stores, stalls, hawkers etc.

The trade sector entails wholesale, commission trade, retail trade and repair of personal household goods; sale, maintenance and repair of motor vehicles and motor cycles; hotels, restaurants, bars, canteens, camping sites and other provision of short-stay accommodation. It can thus be seen that this sector involves a broad spectrum of activity which is diverse and varied in nature.

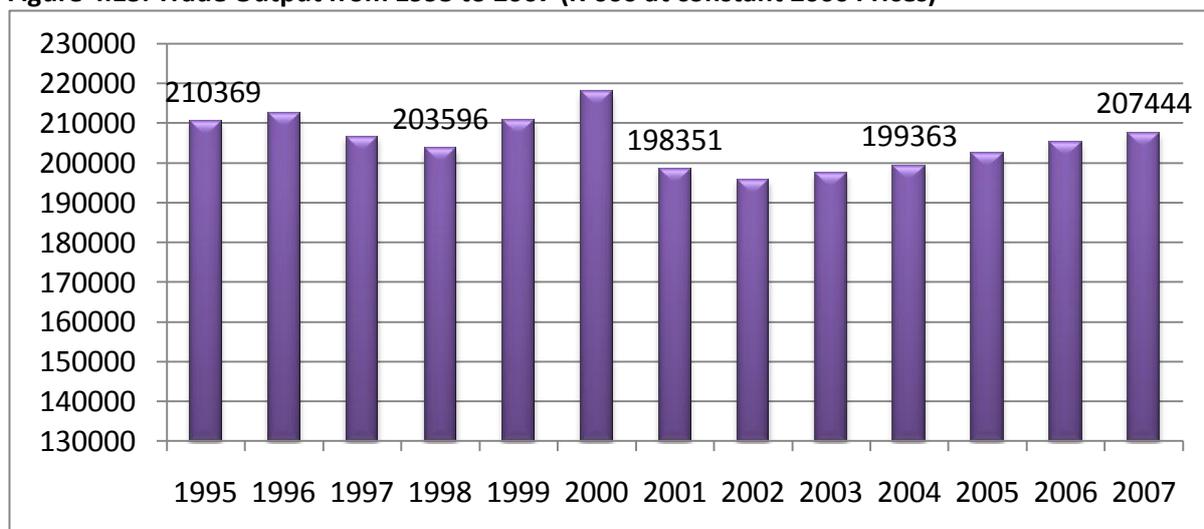
The sale of goods and services by shops and stores represents general commerce related to the **day-to-day** existence of local residents. The sale of goods and services by restaurants, camping sites, hotels and other short stay accommodation providers represents some elements of **tourism** related activity. This sector is thus important as it reflects that originates activity from within Makana (shops, and stores) and activity that originates from outside Makana (tourism through hotels and restaurants)

#### 3.3.6.1 PERFORMANCE OF THE TRADE SECTOR

The trade sector is a derived demand because it is dependent on the amount of income the consumer has at his/her disposal to engage in a trading transaction. Trade, in its turn, is not only a function of the amount of money available within a population, but is also influenced by non-economic considerations such as personal taste, availability of alternatives and the current fashions. For this reason, the sector can be used as a crude measure of economic performance and the confidence the people and industry have in the local economy. The output of the trade sector in Makana from 1995 through to 2007 is shown in Figure 4.12. The number of people employed in the trade sector during this period is shown in Figure 4.13.

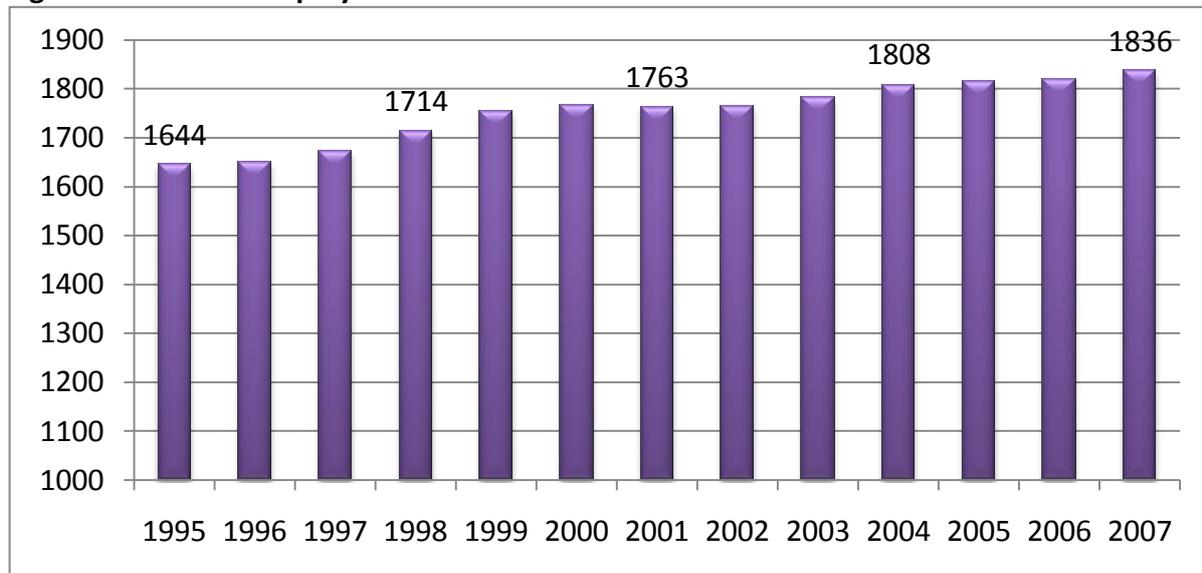
Trade contributes towards 15.6% or R207.44m of Makana's total R-GDP output, which makes it the second largest sector after community services, and underscores its importance to the Makana economy. Between 1995 and 2007, its contribution fell from 17.3% to 15.6%, as it grew at a slow pace compared to other sectors.

**Figure 4.13: Trade Output from 1995 to 2007 (R'000 at constant 2000 Prices)**



(Source: Quantec, 2007)

**Figure 4.14: Trade Employment**



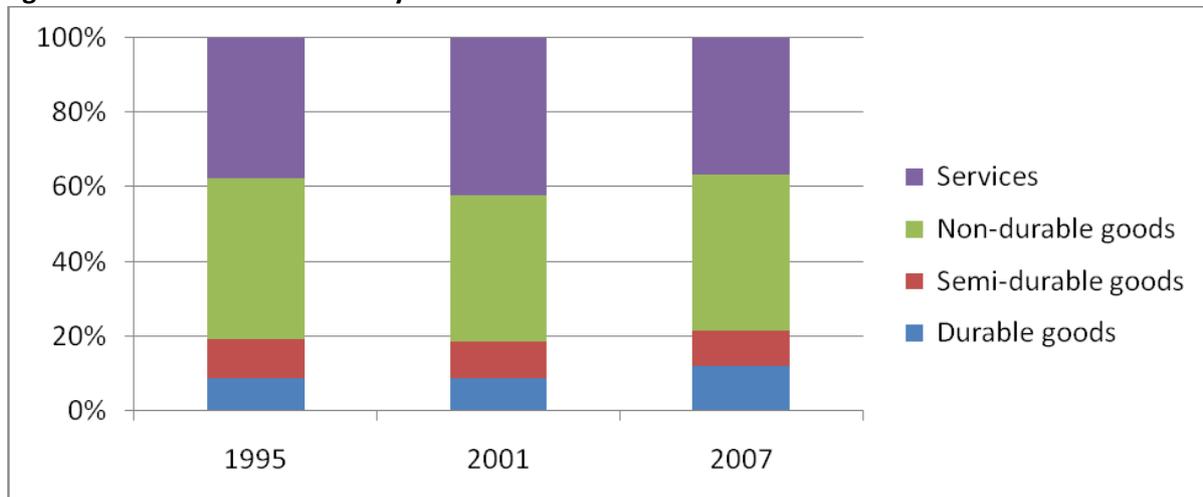
(Source: Quantec, 2007)

The trade sector is also the second largest sector in terms of employment contribution, generating jobs for 13% of Makana's workforce. It is worth mentioning that as the growth of Trade output went up and down, employment generally followed an upward trend. This may indicate a high level of job retention and labour absorption in the trade sector. Furthermore, the trade sectors of economy tend to make large contributions toward informal employment creation. The actual employment levels for the trade sector are thus higher than official statistics may indicate which further underscores the importance of this sector.

The value of trade output experienced mild fluctuations between 1995 and 2007, in a pattern representative of national and global economic business cycles. These fluctuations would have arisen as changing economic situations and outlooks prompt modifications in consumer spending levels. The extent of the fluctuations can be seen in how the change in output between its peak in 2000 and its trough in 2002 was a decline of 10.2%. A fall in the value of this sector's output, and its contribution to the Makana economy's total R-GDP is expected as the effects of the global downturn in economic activity fully filter through.

Despite changes in consumption levels, consumption patterns remained largely the same in Makana between 1995 and 2007. This can be seen in Figure 4.15 which shows income allocation by consumers between different classifications of goods.

**Figure 4.15: Income allocation by Makana Residents**



(Source: Quantec, 2007)

### 3.3.6.2 THE NATURE OF TRADE IN MAKANA

There are several national chains and franchises located in Grahamstown, including Pick n Pay, Shoprite, Edgars and Pep Stores. There are two main shopping centres – the 6 876m<sup>2</sup> Peppergrove Mall which targets the middle to high income band and the 6 130 m<sup>2</sup> Market Square Mall which targets the lower to middle income band. In addition to these, there is a variety of shops in the Grahamstown town centre (mainly in High street, Beaufort Street and Hill Street), and several informal spaza traders located in the townships. (Mallguide, 2009)

Despite the wide array of options (in comparison to other similarly sized towns), there is a significant amount of expenditure leakage to other towns such as Port Elizabeth for goods such as speciality products, luxury items, electronic equipment and clothing. This is a result of Makana's demographic profile, which is made up of young, upwardly mobile consumers that seek variety. High income earners thus often travel outside the Makana locality to buy goods and services. (Ranchhod, 2009)

As a result of the relatively small population in Makana, there is little wholesale activity, as demand levels are insufficient to reach the necessary critical mass.

In the tourism trade there are several restaurants (including take-away, convenience food and fast food outlets) short term accommodation facilities (including hotels, guest houses and camp sites) in Grahamstown. These will be expanded upon in the tourism sector profile. It must be noted that these serve both tourism demand, and demand from local residents as well. Facilities situated in the township (such as homestays and taverns) are underprovided, when consideration of the actual size and population of the townships in Makana is made.

In the other areas in Makana (Riebeeck East and Alicedale), owner managed enterprise dominates the trade sector. This applies to both the retail and tourism sides of the trade sector. This is because it is not profitable for large businesses to establish themselves in these areas due to their small populations and low income levels. The smaller settlements in Makana are thus dominated by general dealers, liquor stores and mini-markets that serve the needs of local resident.

### 3.3.6.3 MARKET TRENDS

The trade sector in Makana experiences some level of seasonality in that business activity tends to peak in relation to educational calendars (Rhodes University O-Week, Independent schools' balloon week, etc) and major tourism events (Grahamstown Arts Festival, Science Festival, etc.). This however, is mitigated by the presence of smaller tourism events, and the existence of some consumer markets that are not directly derived from the presence of Rhodes university.

The **retail** aspect of trade has been largely stagnant with slow growth defining the market. However, there are sentiments that opportunities within the trade sector are not fully exploited which could signal potential future growth. Such opportunities exist in the townships, where low-income clients that are mostly dependent on government social grants are underserved. (Ranchhod, 2009)

With regards to accommodation for **tourism**, growth in the establishment of Bed and breakfast has also slowed, as the market has approached saturation. It is envisioned that the effects of the global recession will impose a heavy impact on the future growth and profitability of these establishments.

### 3.3.6.4 WHAT THIS MEANS FOR LED

As the second largest sector in the Makana economy, its growth and performance has a significant impact on the overall development of the Makana economy. A threat that is inherent to the trade sector is its cyclical nature due to fluctuations in business cycles. Growth in the township and increased diversification may improve the overall performance of this sector.

### 3.3.7 TRANSPORT & COMMUNICATION

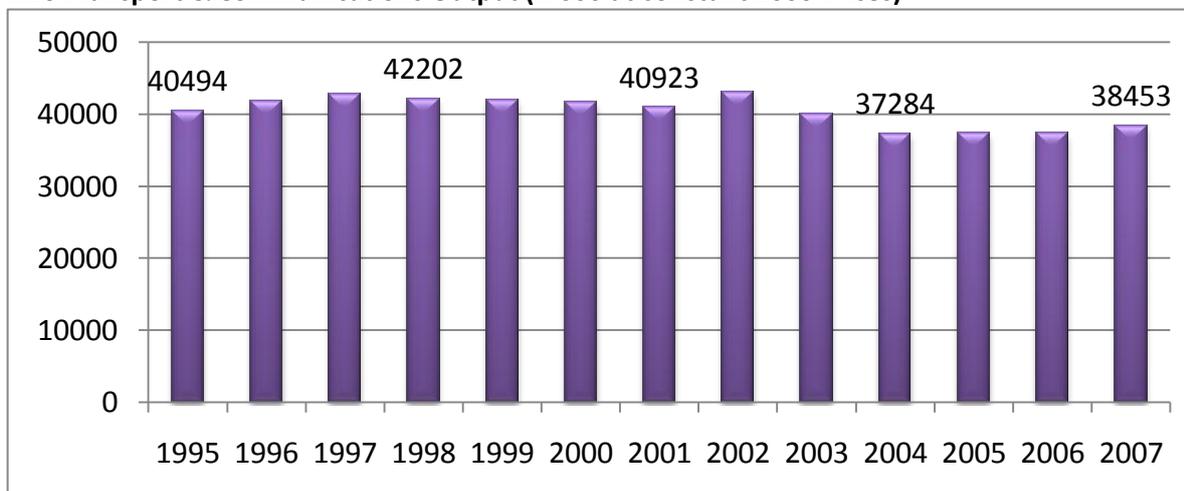
Transport and communications as an economic sector refers to activities concerned with land transport, railway transport, water transport, transport via pipelines, air transport. It also includes the activities of travel agencies, post and telecommunications organisations, courier activities, as well as storage and warehousing activities.

#### 4.3.6.1 Performance of the transport sector

The performance of the transport and communications sector is presented in Figure 4.16. Related employment statistics are then presented in Figure 4.17. It can be seen that the output of this sector was largely static, declining by a small amount from R40,49m in 1995 to R38,45m in 2007. Makana has a small transport sector, as it contributed towards only 2,9% of Makana's total R-GDP. This is however, in line with other economies in the Eastern Cape

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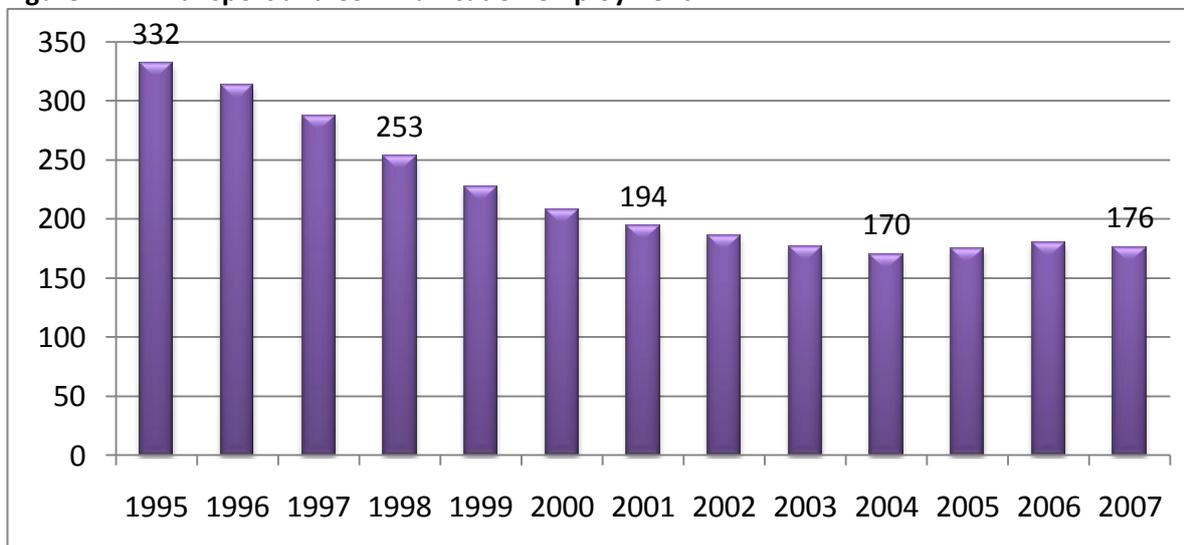
#### 4.16 Transport & Communications Output (R'000 at constant 2000 Prices)



(Source: Quantec, 2007)

The number of people employed in the transport and communications sector fell by 46% from 332 in 1995 to 176 in 2007. The 46% drop in employment must not be overstated, as the sector employs a small number of people and thus any changes are magnified.

**Figure 4.17: Transport and Communication employment**



(Source: Quantec, 2007)

It must be noted that Makana recorded its lowest location quotient (a measure of comparative advantage: refer to Table 4.3) in this sector. That means that a much smaller percentage of Makana's workforce is employed in the transport and communications sector in comparison to the Eastern Cape.

Though small, and employing a small amount of people, the transport and communications sector has important economic linkages with other sectors. The Transport and Communications sector is an

important 'mediator' sector between the primary sectors (Agriculture and Mining) and the tertiary sectors (Trade, Finance and Services). A good Information and Communication Technology (ICT) enables businesses to access markets across time and space.

### 3.3.7.1 THE NATURE OF TRANSPORT AND COMMUNICATIONS IN MAKANA

In terms of **transport** services in Makana, there is no water transport, regularly scheduled air transport or transport by pipeline. Rail transport used to be important in the region, but has been significantly reduced in recent years. This then means that the bulk of transport services in the municipality may be classified under road transport. There are several operators of road transport within Makana that provide transport within the municipality, and to other regions as well.

The following forms of transport activity are found within the Makana area:

- Bus and Coach passenger lines (such as Greyhound and Intercape) operate in the area, even though they do not have base offices in Makana.
- Mass Commuter transport (in the form of minibuses/ taxis, associated with Uncedo, the taxi organisation)
- Taxis services (such as JCs shuttle service and Rhode Trip)
- Flights from the Grahamstown airstrip for entertainment purposes (such as E.P. skydiving and guests to game reserves such as Kwandwe)
- Occasional sightseeing rail tours (such as the Alicedale adventure)

These activities are supported by enabling infrastructure and service including:

- Grahamstown's proximity to the N2 highway and linkages with other major roads as shown in the infrastructure profile
- A taxi rank facility that serves a hub for transport within and outside Makana
- Several petrol stations (garages) that trade on local and transient demand
- Travel agents (such as Sure-go travel)

In terms of **communications**, Makana is relatively well linked. Postal services are provided by Postnet (Private) and The Post Office (Public). In addition to these, several courier companies such as speed services and UTI sun operate within the Makana area, as do several internet cafes.

Rhodes University also has comprehensive information and communication technology (ICT) infrastructure. In fact, South Africa's first internet link was based at Rhodes University in 1988. This led to the establishment of UNINET, which was a gateway that provided internet access for South African universities. In recognition of this, a Centre of Excellence in Distributed Media was established at Rhodes University in 1997, in association with Telkom SA and other partners.

### 3.3.7.2 MARKET TRENDS

Figure 4.18 provides a break down the contributions of the two subsectors in this sector (Transport and communication). In 1995 the transport sector was worth R17,09m and made a

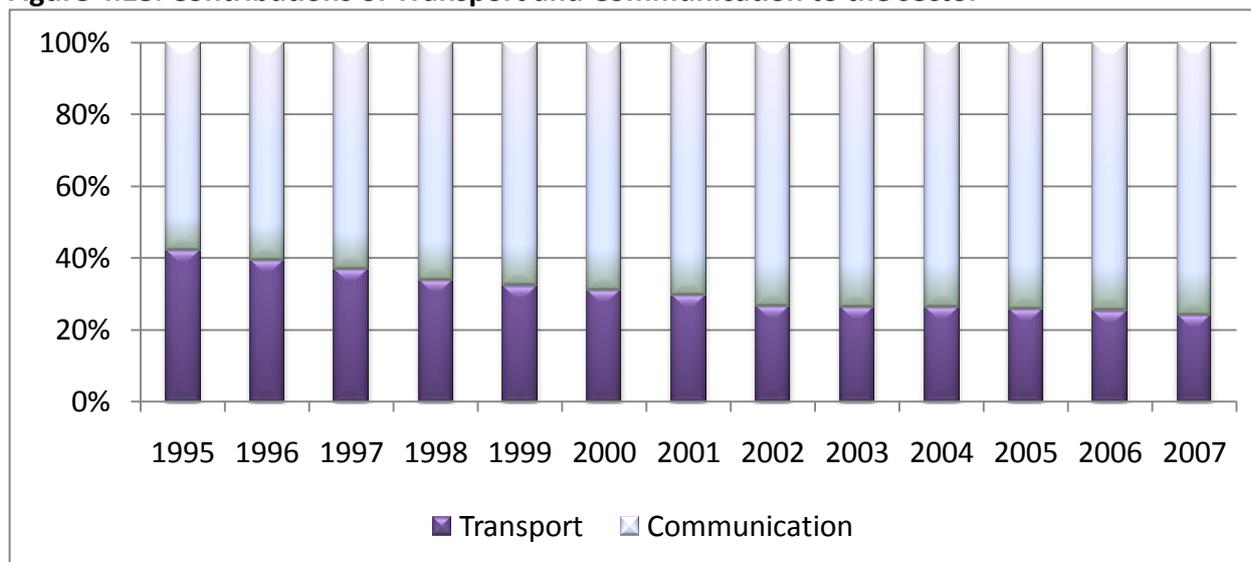
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contribution of 42.21% to the sector. By 2007 those figures had gone down to an output of R9,19m and a contribution of 23%. On the other hand the output and contribution of the communications subsector went up from R23,39m at 57% in 1995 to R29,26m in 2007.

The transport industry shrank in Makana as a result of challenges including fuel price hikes, poor linkages with tourism and the decline of rail transport.

Another challenge facing the local transport industry is inadequate taxi and bus rank facilities with amenities such as toilets and shelter for commuters.

**Figure 4.18: Contributions of Transport and Communication to the sector**



(Source: Quantec, 2007)

### 3.3.7.3 What this means for LED

The transport sector in Makana has limited opportunities for growth, partly as a result of its small and stable population. The communications sector grew while the transport sector declined between 1995 and 2007. With linkages to the trade and service sectors, a growing communication sector can allow business growth and the establishment of a knowledge economy.

### 3.3.8 FINANCE AND BUSINESS SERVICES

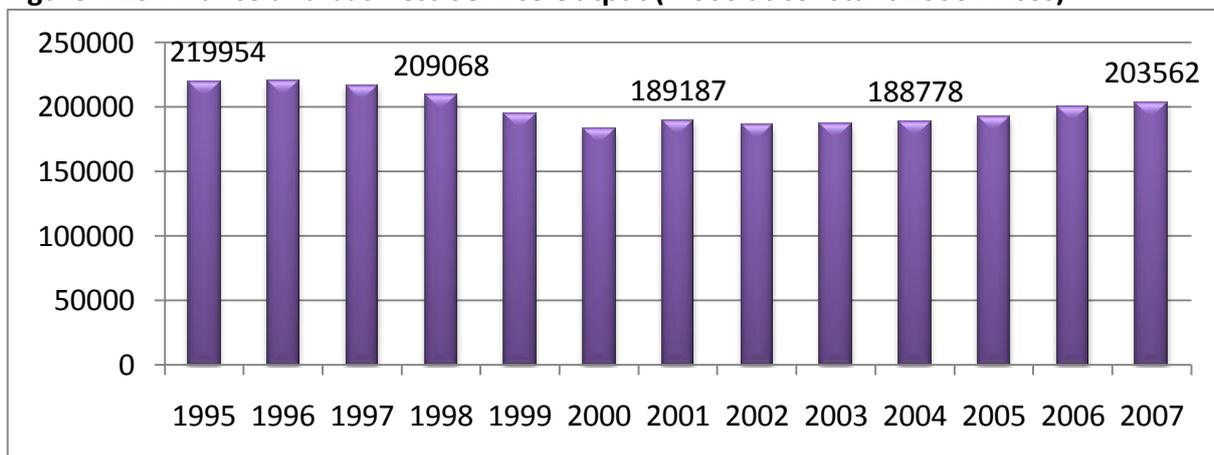
The finance and business services sector includes activities related to obtaining and redistributing funds, including for the purpose of insurance, real estate or commercial and business services. Some of the activities that fall under this sector include financial intermediation; insurance and pension funding; real estate activities; renting or transport equipment; computer and related activities; research and development; legal; accounting; bookkeeping and auditing activities; architectural, engineering and other technical activities; and business activities not classified elsewhere.

The Service sector supports primary and secondary sectors by providing the 'soft' components of any economy. The quality of services provided determines the leveraging that will be achieved by the economy as a whole.

### 3.3.8.1 PERFORMANCE OF THE FINANCE & BUSINESS SERVICES SECTOR

The service sector in Makana was worth R203, 56 million in 2007, and contributes towards 15.35 of the region's total R-GDP. Its performance is shown in Figure 4.19, and its employment changes are presented in Figure 4.20. It is Makana's third largest economic sector after community services and trade.

**Figure 4.19 Finance and business Service Output (R'000 at constant 2000 Prices)**

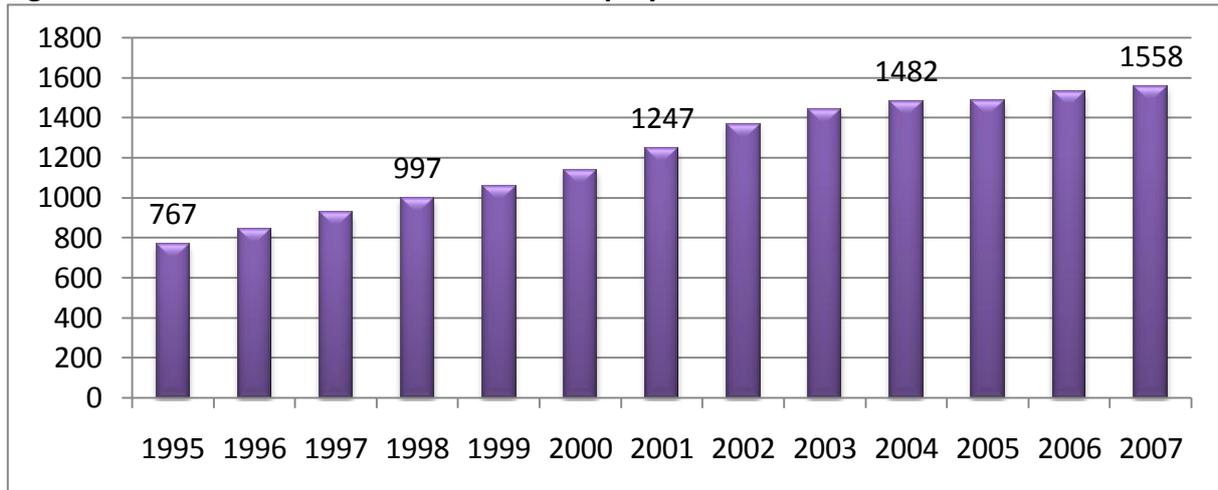


(Source: Quantec, 2007)

The value of the service sector's output fell by 8.25% or R16m between 1995 and 2007. This weak performance led to it being superseded by the trade sector in size. During this period, employment in the service sector doubled. Makana's service sector is thus highly labour absorbent and has the ability to create employment in an otherwise underperforming job market.

Employment in this sector is often associated to a large extent with employment of individuals in skilled positions. The growth in service sector employment can therefore have a large positive impact on economic growth as a large amount of income can be anticipated to circulate within this sector in comparison to a sector where the bulk of employees are in unskilled positions (such as agriculture).

**Figure 4.20: Finance and Business Service employment**

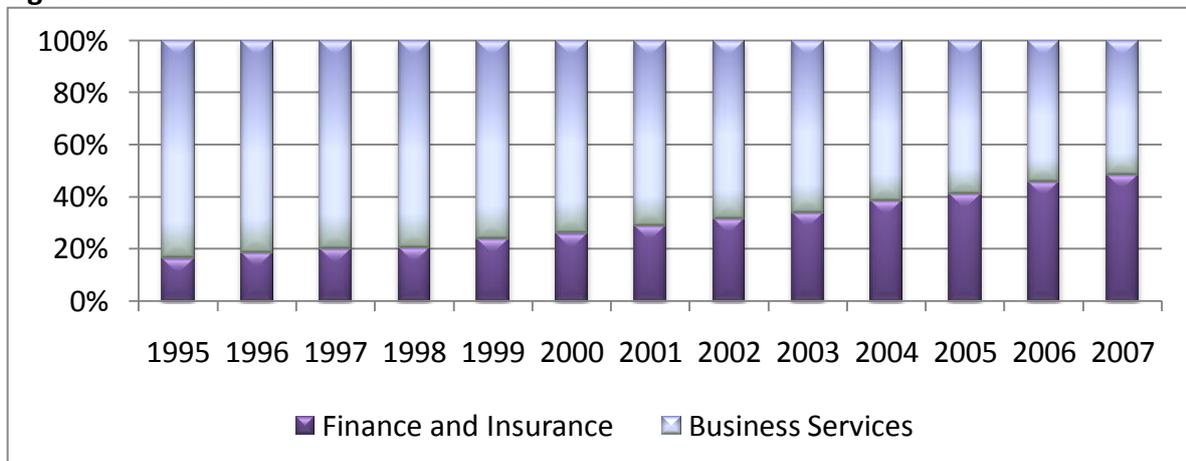


(Source: Quantec, 2007)

Figure 4.21 breaks down the performance of the service sector into its two sub-sectors: Business Services, and Finance and Insurance. It emerges that the poor performance of the services sector can be attributed to the business services subsector, the output of which declined from R183,5m in 1995 to R104,7m in 2007. During the same period, the output of the financial services subsector rose from R36,44m to R98,84m in 2007.

The growth of financial services may be a result of increased incomes in Makana, both in the townships and as a result of Rhodes University's expansion.

**Figure 4.21: Contributions of business services and finance and insurance of the sector**



(Source: Quantec, 2007)

### 3.3.8.2 THE NATURE OF FINANCE & BUSINESS SERVICES IN MAKANA

In terms of **finance and insurance**, all the major banks are found in Grahamstown (ABSA, FNB, Standard Bank, Nedbank, Capitec Bank, Old Mutual Bank and GBS Mutual Bank. These largely service the banking requirements of local businesses and farmers in the area.

A range of mortgage providers, micro-lenders and investment facilitators such as Wesbank and Louhen financial Services are also present.

Insurance brokers such as Sanlam life assurance, and McCallum Brokers also operate in the Makana area. These target personal financial services.

A full range of **business services** are also available in Grahamstown These include accounting (Neill Pike), real estate agents (Pam Golding) , attorneys (Nettletons), IT services (Albany Computers), engineers (MBB consulting) and other forms of activity. It is apparent that a broad spectrum of activity in the business services sector is covered in Makana.

It is prudent to point out that some of the business services located in Makana are directly linked to the existence of Rhodes University, and may not have been established in Makana if it were not for the presence of the university. These include:

- Hairy Fairy Flies (linked to ichthyology and the south African Institute of Biodiversity)
- Birch's (Robe making for university gowns)
- CES (linked to Environmental Science department)
- Grocott's Mail (Department of Journalism)
- Geodatec (Geography and Information Systems Departments)
- NISC (Department of linguistics, Rhodes library, research office)
- Private consultancies run by Rhodes university faculty members and alumni
- The number of real estate agents is high compared to other towns of a similar size. This is a result of the demand for accommodation that results from the student population studying at Rhodes University.

In a pattern that resembles the other sectors, provision of business and financial services is mainly centred in the Grahamstown area, with few businesses in other towns such as Salem, Riebeek East and Alicedale. This means that residents of these towns often have to commute to Grahamstown in order to have access to these services.

### 3.3.8.3 WHAT THIS MEANS FOR LED

This sector will have a role in economic development through its ability to attract and its ability to absorb local semi-skilled and skilled labour. One of this sector's roles in economic development is that of improving the quality of financial and businesses services rendered to economic development stakeholders and beneficiaries. The performance of this sector also has

an impact on the true 'cost of doing business' in Makana as it represents the bulk of the tertiary sector of the economy.

### 3.3.9 GOVERNMENT, SOCIAL AND COMMUNITY SERVICES

The government services sector includes **community, personal and social services** rendered by private and public institutions.

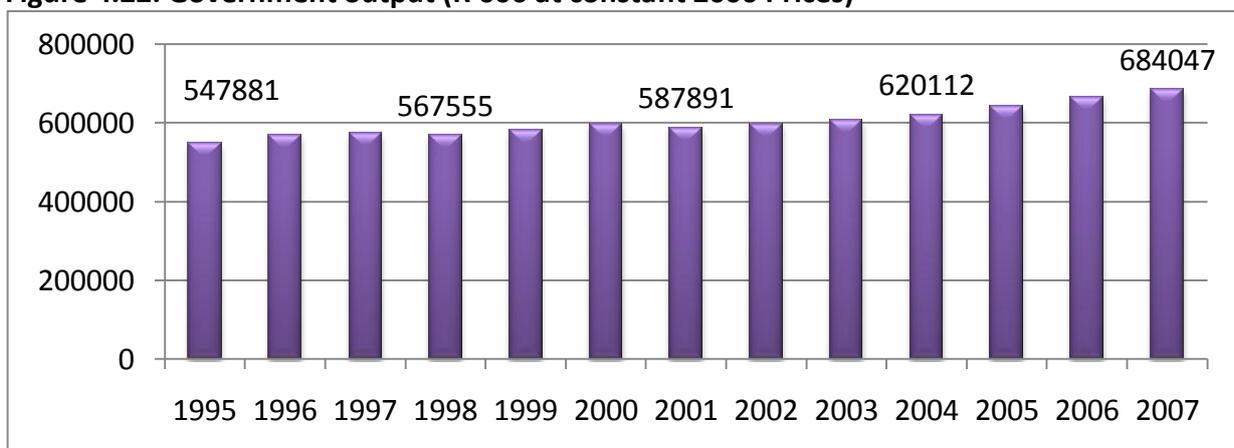
Activities classified within this sector include public administration and defence activities, activities of government, government departments and agencies; education, public and private; health and social work; sewage and refuse disposal, sanitation and similar activities; activities of membership organisations; recreational, cultural and sporting activities; washing and dry-cleaning of textiles and fur products, hairdressing and other beauty treatments, funeral and related activities.

#### 3.3.9.1 PERFORMANCE OF THE GOVERNMENT SECTOR

With an R-GDP contribution of 51.5% and overall output of R684,04m Government in the form of community, personal and social services in the largest economic sector in Makana. The size of the government sector grew at an average annual rate of 2% a year from R547,88m in 1995 to R684,04m. The dominance of the government sector in Makana was thus entrenched between 1995 and 2007 and its R-GDP contribution increased, as did its contribution to employment (despite its actual employment levels falling).

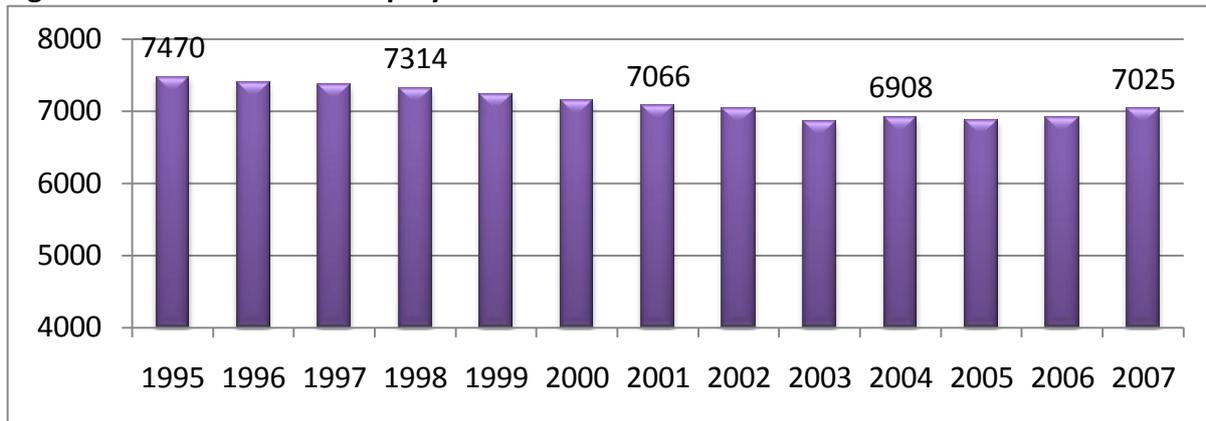
The government sector in Makana presented the second highest location quotient of all the sectors. That means that it engages in this form of activity more than the provincial and district averages. The growth of the sector was primarily driven by the expansion of Rhodes University in terms of student enrolment and facilities provision. Increases in national, provincial and local government budgets as seen in the MTEFs also contributed toward the increase in size of the government sector.

**Figure 4.22: Government output (R'000 at constant 2000 Prices)**



(Source: Quantec, 2007)

**Figure 4.23: Government employment**



(Source: Quantec, 2007)

Employment in the government sector declined by 6% between 1995 and 2007. In terms of average output per worker (sector output divided by the number of people employed within it) the government sector lags behind most of the large sectors. At an average output per worker of R97 000 a year, the government sector's productivity falls behind that of Financial and Business Services (R130 000), Trade (112 000) and Manufacturing (R101 000) and only outperforms Agriculture (R33 000). Labour productivity in relation to R-GDP output in the government sector is thus behind that of the other large economic sectors in Makana.

### 3.3.9.2 THE NATURE OF GOVERNMENT SERVICES IN MAKANA

Based on their annual reports and financial statements publicly available online, it emerges that the two main entities in Makana's government sector are Rhodes University and the Makana Municipality (Rhodes University Annual Report, 2007; Makana Municipality IDP, 2007).

Rhodes University which provides educational services is responsible for approximately 71% of the government sector's output in Makana, and approximately 21% of the sector's permanent employment. Of its entire workforce 26% are employed in academic instruction and research, 43% are employed in administrative support and 31% are employed in support service positions.

The Makana municipality which provides local governance and public administration is responsible for approximately 19.4% of the government sector's output, and 8% of its employment creation. That means that Rhodes University and the Makana Municipality make a combined contribution of 90% of the government sector's output.

Other organisations and forms of activity in the Makana government sector include

- Government departments (such as Home Affairs, Roads and Transport, Agriculture, Education, Labour, Water Affairs and Forestry, amongst others)
- Defence activities (such as the SANDF Grahamstown military base, Midlands Command and the SAPS)
- Government agencies (such as SEDA, ECARP)

- Justice services including the department of Public Prosecutions, High court, Magistrates court and Small Claims Court
- Education (The EastCape Midlands College and Schools such as Nombulelo High School, Mary Waters School, St Andrews, DSG, Victoria Girls, amongst others)
- Health facilities (such as Settler's hospital)

It can thus be seen that the majority of activity classified under the government sector within Makana is undertaken in Grahamstown.

### 3.3.9.3 What this means for LED

Makana has a comparative advantage in government services. As a result of the sector's sheer size in Makana, it will be a key determinant in driving and directing Local Economic Development in Makana. As the anchor of economic activity in Makana, its future growth, sustainability and efficiency will have a significant impact in shaping the local economy and community at large.

### 3.3.10 TOURISM

The Standard Industrial Classification (SIC) used to classify economic sectors in the South Africa economy does not recognise tourism as a separate sector. This is because the tourism industry is a consumption based service industry that does not produce a tangible product. It does however, utilise the products and services of other classified industries including Trade, Transport and Business Services. Due to its increasing importance as an income and employment creator in South Africa, this report will discuss Tourism separately from the other sectors.

Tourism can be defined as related to all the goods and services linked to a person staying and travelling outside of their area of residence. This is difficult as it includes many different sources of goods and services. Despite these challenges, gaining an understanding of its salient features will ensure that the LED strategy capitalises on economic opportunities within the municipal area. The principal sources of information that will be used in this section are the recently completed **Responsible Tourism Sector Plan 2009 Review Report** and the report on **Tourism as a Pillar of the Makana Local Economic Development Strategy (2007)**.

#### 3.3.10.1 PERFORMANCE OF THE TOURISM SECTOR

In order to gauge the performance of the tourism, an approximation of its economic value to the Makana must be made. This involves analysis of:

- The amount of money spent directly by tourists (through Willingness to Pay)
-

- Income generated from jobs supported by tourism (With and Without Analysis)
- Changes in tourist visits through total bed nights sold in the area

Based on these factors, the Responsible Tourism Sector Plan 2009 Review Report estimates that in 2007:

- The average daily spend by tourists in Makana was **R438.09** per bednight.
- Total Direct Expenditure by Tourists in Makana was worth **R42,43m**
- The **Total economic activity generated by tourism** in Makana was worth **R160,6m** (or **12.1%** of total R-GDP)
- Tourism is directly responsible for creating 307 jobs, and indirectly support a total of **700 jobs in Makana** (or 4.9% of total employment)
- Tourism has helped create, and support the equivalent of **47 SMMEs**

From these results it can be seen that Tourism is an important sector in the Makana economy, contributing towards 12.1% of the R-GDP. When one compares its employment contribution and its R-GDP it becomes clear that there is a significant amount of value addition and a high level of output per worker in comparison to other sectors. This is to be expected as tourism is a tertiary sector where high value intangible goods and services are produced. In addition, the Responsible Tourism Sector Plan 2009 Review Report states that the cost of creating a job in the tourism sector is 30% cheaper in Makana than the national average.

If direct tourism expenditure (R42,43m) and its total economic impact (R160,6m) are viewed against each other, it becomes apparent that tourism in Makana leads to a high level of indirect and induced effects on the overall economy. This is because of its aforementioned linkages with all the other sectors in the economy.

### 3.3.10.2 NATURE OF TOURISM

As was indicated in section 2.4.4, the main forms of Tourism in Makana are **environmental, educational and cultural tourism**. This section will not repeat previously stated facts, but profile these forms of tourism in further detail. Tables 4.5 to 4.7 will list some of the activities, attractions and products that constitute Makana's tourism offering as listed in the **Responsible Tourism Sector Plan 2009 Review Report**.

**Table 4.5: Environmental Tourism**

Amakhala Private Game Reserve	Beggars Bush State Forest
Hunts Hoek Safaris, Fish River	Lalibela Private Game Reserve
Idwala / Kichaka Lodge, Assegaai	Lanka Safaris Aylesby
Assegaai Hiking Trails, Kenton Rd	Blaauwkrantz Reserve, Bathurst Rd
Assegaai Sport Horse Stud, Riding School,	Lezulu Game Reserve - Salisbury Plains
Kwandwe Private Game Reserve	Burchell Game Farm, Alicedale
Aylesby Nature Reserve, Riebeeck East	New Year.s Dam, Alicedale
Kwantu Game Reserve, Sidbury	Bushman Sands Game Reserve, Alicedale
Oldenburgia Hiking Trail, Grahamstown	Coleridge Game Reserve, Grahamstown South
Coombsview Reserve, Governor's Kop	Pumba Game Reserve, Grahamstown
Rochdale Game Ranches, Alicedale Rd	Rabbit Bush Reserve, Governor.s Kop

Diepkloof Private Reserve	East Cape Game Farm
Shamwari Private Game Reserve	Settlers Dam, Thomas Baines
Ecca Nature Reserve, Ecca Pass	Fish River Nature Reserve Complex
Springvale Olive Farm, SE of Alicedale	Signal Hill, Grahamstown
Grahamstown Botanical Gardens	Fourie Safaris Game Farm, Ndlambe border
Thomas Baines Nature Reserve	Tenuta Spring Grove Nature Reserve
Great Fish River Reserve	Hellspoor Valley Game Farm
Woodlands Game Reserve	Trumpeter.s Drift Game Farm, Gt Fish River
Belton Hiking Trails, Kenton Rd	Highland road

Source: Responsible Tourism Sector Plan 2009 Review Report

**Table 4.6: Educational Tourism**

International Library of African Music, Grahamstown	44 Air School & Grahamstown Military Base, Grahamstown
Albany Museum, Grahamstown	National English Library Museum, Grahamstown
Observatory Museum, Grahamstown	Natural Science Museum, Grahamstown
Cory Library for historical research, Grahamstown	History Museum, Grahamstown

Source: Responsible Tourism Sector Plan 2009 Review Report

**Table 4.7: Cultural Tourism**

National Arts Festival	National Schools Festival
SciFest Africa	Makana Freedom Festival
1820 Settlers National Monument, Grahamstown	Methodist Church, Grahamstown
Methodist Church, Salem	Baptist Church, Grahamstown
Artificer's Square: the old artisans quarter, Grahamstown	Bannerman House, Grahamstown
Bible Monument, Grahamstown	Settler's Express Steam Train, Grahamstown
Cathedral of St. Michael & St. George	Old Drosty
City Hall	Settlers Memorial Tower
Clock Tower Grahamstown	Rhodes University Theatre
Commemoration Church, Grahamstown	Salem Historic Church, Grahamstown
East Star Gallery Grahamstown	Historic Church on Hilton House Table Farm, on the banks of the New Year's River
Fort Selwyn	St Peter's Chapel Grahamstown
The Oldest Official Letterbox in South Africa, Grahamstown	The Provost Prison, Grahamstown
High Street Façade, Grahamstown	

Source: Responsible Tourism Sector Plan 2009 Review Report

In addition to the above, there are a total of 121 providers of accommodation, that can be classified under Hotels, guest and country houses, lodges, caravan parks and camping sites, self-catering, backpackers, hostels, and B&Bs. From Table 4.5 to 4.7 it becomes clear that unlike

most other activity in Makana (with the exception of agriculture), tourism occurs throughout the entire municipality and is not just concentrated in Grahamstown. Tourism thus has the capacity and capability to improve the spatial spread of activity in Makana.

Tourism is currently marketed by Makana tourism. It has approximately 120-130 members that engage in the different forms of tourism profiled. In addition to Makana tourism, the following associations and organisations are involved with tourism activity:

- The Grahamstown Foundation, which is involved with the various Festivals that take place in Makana
- Indalo, which is an association for Private Game and Nature Reserves
- The Grahamstown Hospitality Guild, which is involved with grading of accommodation facilities
- Makana EduTourism Project, which is involved with EduTourism

#### *3.3.10.3 MARKET TRENDS*

In terms of changes over time, it was found that between 2004 and 2007, the amount of tourism visits as measured through the number of bed nights sold **declined** by **11.44%** from 128 993 bed nights to 114 178 bed nights. This decline was headlined by 68.6% fall in hotel stays from 30 529 to 9 614. The effects of this decline were however mitigated by an 87.1% increase in bed nights spent at lodges, private game reserve and farm stays.

This signals a shift in the profile of visitors to the Makana area, and the nature of their visit. The number of private and public game reserves has grown by a significant amount between 1995 and 2007, with the area devoted to game and nature conservation now 118 653 of the municipality's 437 562 hectares. This is a profitable market segment that has exhibited growth in Makana. Interest in Edutourism and Education related tourism has also increased in recent years, which has also brought about a change in the profile of visitors to the area.

The number of Bed and Breakfast and related facilities (Guesthouses, Country houses and self catering accommodation) also grew significantly between 2004 and 2009. This was in response to increasing demand for such accommodation, and declining demand for hotel accommodation.

#### *3.3.10.4 WHAT THIS MEANS FOR LED*

There is an adequate supply of accommodation to match the wide range of tourism activities, facilities and products on offer in Makana. Tourism has the potential to create employment and generate income throughout various sectors of the Makana economy. In order for this potential to be realised and maximised, there is a need for marketing of Makana's tourism offerings to be coordinated and intensified for cooperative synergies to be experienced.

#### **3.3.11 SYNTHESIS**

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The Makana economy has been growing at a slow rate between 1995 and 2007, when compared to the Cacadu district and the Eastern Cape Province. Grahamstown dominates the Makana economy, with most activity taking place there.

Within the Makana economy, Government services in the form of Rhodes University and the Makana Municipality is the largest sector. Other significant sectors are the trade and service sectors, which are linked to tourism activity within Makana. Where some sectors such as agriculture have been declining, the overall economy is based on solid foundations and has potential for future growth and expansion. This potential for growth and expansion must be tapped, in order to reduce unemployment levels and limited diversification that characterise the Makana economy.

## **PART FOUR: ENVIRONMENTAL PROFILE**

This Environmental profile provides an overview of the environmental characteristics of the Makana area. Development associated with primary activities such as mining and agriculture, as well as tertiary activity such as tourism is often based on an area's physical attributes. The environmental profile will thus feed into the developmental potential that can be based on Makana's inherent physical characteristics

The environmental characteristics of Makana are discussed under the following sub-sections:

- Climate
- Topography
- Hydrology
- Land capacity and Soil types
- Vegetation types and Biodiversity

### **4.1 CLIMATE**

Makana lies in a subtropical climatic zone, meaning that the area is characterized by warm summers and cool winters and fairly evenly distributed rainfall throughout the year. Makana's rainfall levels are compared to the rest of the Eastern Cape's average annual precipitation levels in Figure 6.1. The spatial representation is based on data from the South African National Biodiversity institute and is useful in providing high level comparison of the Makana locality to the rest of the province's rainfall patterns.

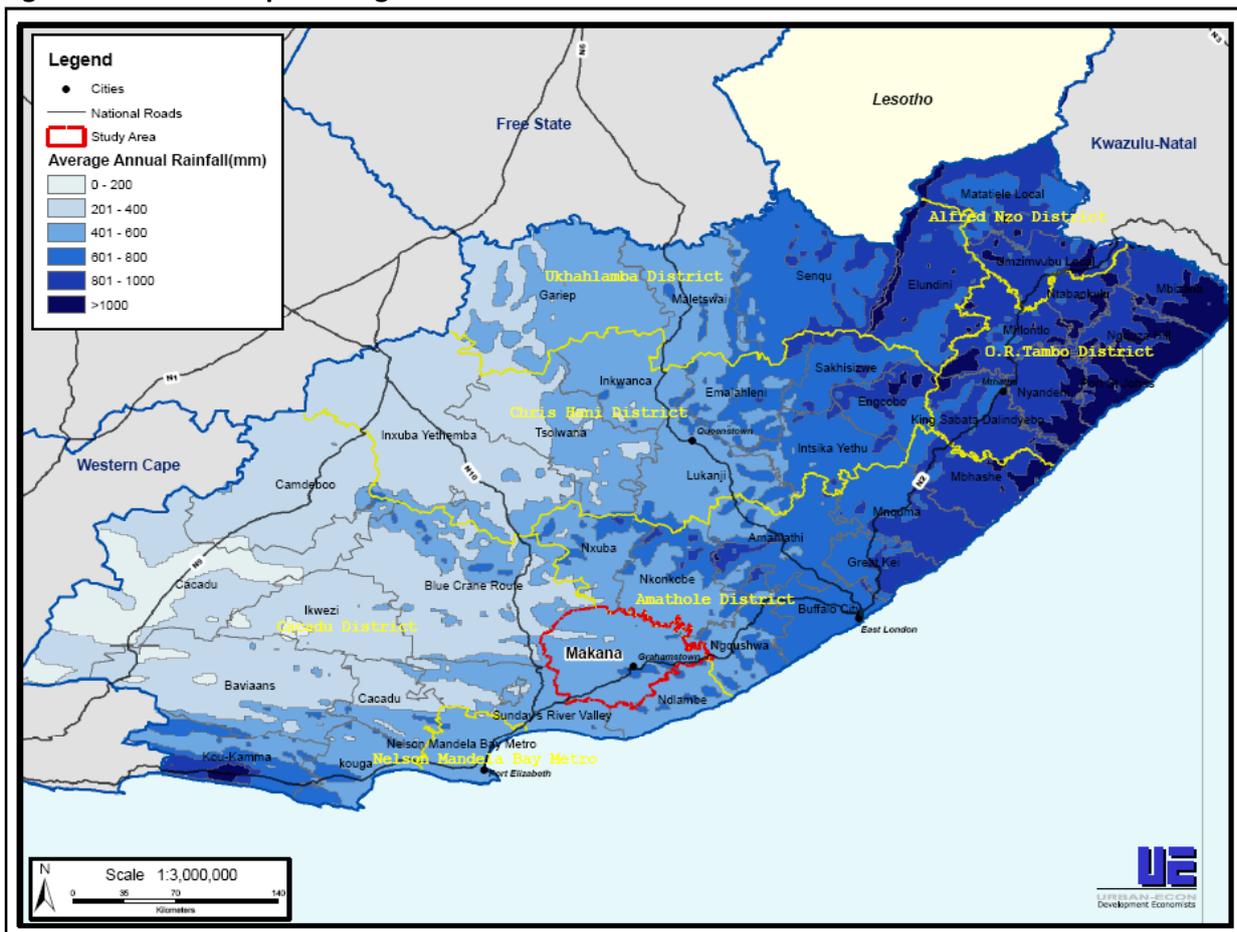
In Figure 6.1 it can be seen that Makana's rainfall lies in the median range. The climate becomes more dry as one moves towards the north-Western half of the municipality. Because Makana is largely urbanized, with marginal rural populations, the climate will be profiled based on the major settlements located within it.

The **Grahamstown** area experiences moderate weather conditions in relation to mean precipitation , wind speed and direction, temperatures . Rain falls throughout the year with mean precipitation averaging 680mm. Summer temperatures (January) vary from an average maximum of 26° to a minimum of 15°. In winter (July) temperatures vary from an average maximum of 18° to an average minimum of 4°. The prevailing wind direction is from the west and southwest. (Makana SDF, 2009)

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In **Alicedale**, rainfall is approximately 555mm per year. Temperatures in Alicedale range from 40° to 15° in summer, and 18° to -8° in the winter months. Rainfall in **Riebeeck east** area is approximately 865mm per year, with identical average winter and summer temperatures to those experienced Grahamstown. (Makana SDF, 2009)

**Figure 6.1: Eastern Cape Average Annual Rainfall**



Climate thus varies from moderately wet and temperate in some areas, to warm and dry in other areas of the municipality, making the area semi-arid. Although in-depth studies into the potential effects of climate change in Makana have not been undertaken, climate change will still have a profound effect on

the Makana climate. With global warming expected to raise temperatures by between 1.4° and 5.8° by the year 2100, some of the implications for economic activity in Makana may take the form of

- Changes in agricultural production yields
- Changes in plant and animal species' habitat cover
- Changes in agricultural potential as rainfall and temperatures affect sensitive crops
- Changes in the range of diseases such as Malaria  
(Southern Drakensburg Sustainable Development Strategy, 2008).

This is climate change will represents a long term shift in the characteristics of the Makana climate. This will have an impact on agricultural capacity of the area, as well as its nature-based tourism potential .

#### **Implications for LED:**

- Climate has an impact on agricultural and tourism activity that takes place
- The identification of potential agricultural activity will need to take cognizance of rainfall and temperature patterns in the Makana area. This is most pertinent in the rearing and cultivation of sensitive animals and crops
- Climatic conditions also have an impact on the nature-based tourism that can take place within the Makana area

#### **4.2 TOPOGRAPHY**

Topography relates to land forms and land elevations that are found within an area A region's topography influences the type of activities that can occur within it. To illustrate this point, general land planning conventions stipulate that:

- Slopes of 0° – 50° are suitable for most types of development.
- On slopes of 50°– 180° limited development might be appropriate, should an EIA indicate that impacts are acceptable.
- Development should not be permitted in areas with slopes greater than 180°.

The eastern part of the municipality can be classified as lowlands, with contours generally lying below 300m above sea level. The western part of the locality in which Alicedale is situated can be classified as being of a moderate elevation, lying between 300m and 600m above sea level. The central part of the municipality that contains Grahamstown and Riebeeck East has the highest elevation of between 600m and 900m above sea level. With regard to slope, most of the land in Makana has a slope of either between 3-8° or 8-20° (State of the Cacadu Environment, 2005).

The area is characterised by a combination of plains, lowlands and undulating hills. The Makana municipality has large pockets of open flat areas that allow for agriculture to take place. The central part of the municipality has more elevated and sloped terrain, which limit the scope for cultivation of some

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agricultural crops, even though much of the land can still be used for grazing. Flat topped hills that have been shaped by dolerite dykes, sills and chemical weathering are found throughout the region.

With regards to the particular topographical characteristics of the towns:

**Grahamstown** is situated in a valley that cuts into a plateau. The highest point on the plateau is 770m above sea level and the lowest point in the valley is 490m above seal level. (Makana SDF, 2009)

**Alicedale** is located about 360m above sea level in a flood plain created by the confluence of the Bushmans river and the New Years river (Makana SDF, 2009)

**Riebeeck East** is located 630m above sea level on a piece of high ground. (Makana SDF, 2009)

#### Implications for LED

- Makana is made up of land with a low to moderate elevation
- The landscape is punctuated by low hills
- The absence of high elevation land or land with steep slopes means most of the land can be used for various agricultural purposes

### 4.3 HYDROLOGY

The major water related driver in the municipal area is the Orange-Fish-Sundays Water Supply System which ensures continuous sustainable water supply for economic activity and is essential for community well-being and socio-economic prosperity in the area. The whole municipality is classified as a primary catchment area, with a mean quaternary runoff of between 12m<sup>3</sup> and 40m<sup>3</sup>. (State of the Cacadu Environment (2005)

Surface water is largely provided by dams and reservoir that are linked to perennial and non perennial rivers. Ground water is provided by boreholes and springs that are evenly distributed throughout the municipality. In terms of water sources in the towns it is found that:

**Grahamstown's** water is from local dams and sources transferred from the Orange River. There is adequate supply to cater for the 8.6Mm<sup>3</sup>/a that is used, but also a need for more groundwater development.

**Riebeeck East's** water is sourced from local boreholes. It also has adequate supplies of water to cater for the 0.0285 Mm<sup>3</sup>/a that it uses. A planned water scheme for Riebeeck East is an increase in storage capacity in the form of tanks and a reservoir.

**Alicedale's** water is sourced from a local dam (State of the Cacadu Environment, 2005)

With regards to the quality of water resources in the area, the State of the Cacadu Environment report of 2005 states that water quality is 'good, or even natural (or example the New Years Dam and Bushmans River sites) even though it is naturally saline and not suitable for certain uses"

#### Implications for LED

- Studying the hydrological profile of an area is important as it has an impact on the availability and quality of water.
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- The availability of water is important in agricultural activities, especially where the need for irrigation and boreholes to supplement rain water is high, as is the case in Makana.
- Water quality impacts on the amount of water available for human usage and the associated costs of water purification incurred to make water safe for use.
- High water demand set against limited supply possibilities put forth the possibility of water recycling.

#### 4.4 LAND CAPACITY AND SOIL TYPES

Land capacity is determined by the collective effects of soil, topography, hydrology and climate features. It indicates the most intensive long-term and sustainable use of land for rain-fed agriculture and at the same time highlights the permanent limitations associated with different land use classes. Table 6.1 shows the classifications with which land is classified. It also shows different land usages that go in line with the different levels of land capability.. This shows the nature of agricultural activity that can be feasibly undertaken throughout the municipality.

**Table 6.1 Land use options per land capability class**

Land Capability		Intensity of use for rain-fed agriculture						
		Grazing and Forestry			Crop Production			
	Classes	Forestry	Veld	Pastures	Limited	Moderate	Intensive	Very Intensive
	Arable	I	x	x	x	x	x	x
II		x	x	x	x	x	x	
III		x	x	x	x	x		
IV		x	x	x	x			
Non-arable	V	x	x	x				
	VI	x	x					
	VII	x	x					
	VIII	x						

Source: Directorate Agriculture Land Resource Management, 2002

**Table 6.2 Land Capability in Makana**

Land capability class	Area (ha)	Percentage
1	0.00	0.00%
2	0.00	0.00%
3	0.00	0.00%
4	31789.20	7.27%
5	20456.20	4.68%
6	300661.00	68.71%

7	46331.70	10.59%
8	38072.30	8.70%

Source: Cacadu ABP & LAA, 2008

Most of the land (68.71%) in Makana is classified under class 6. This means that the majority of land in Makana is only suitable for grazing of animals and non-arable. Based on the results presented in Table 6.2 and Figure 6.2, the Makana Area Based Plan (2008) states that land in the Makana area has suitable potential to for

- Large areas of irrigation, should water be available
- Rain-fed cropping of Wheat, chicory, pecan nuts and aloe
- Irrigation-fed cropping of stone fruit, olives, cotton, vegetable, sugar beet and oranges
- Livestock including game farming and ostrich farming

Soils in the Makana area are generally shallow and weakly developed, with depths typically not exceeding 600mm. This is because the municipality's geology is based on Beaufort group sandstones and shales which dominate the landscape. The shallow and weakly developed soils limit the types of crops that may be planted throughout the municipality as this affects root development, nutrient retention and moisture drainage. There are some rich alluvial and colluvial soils close to rivers, which support intensive agricultural cultivation. Topsoil textures vary from loamy sand to sandy clay loam (Makana ABP & LAA, 2008).

Some of the soils are also expansive, which has implications on building and construction methods used in the municipality's development. Expansive soils absorb moisture, which has implications for the decision-making processes followed land planners, property developers and building contractors.

Land capacity and soil types also have an impact on soil quality, and land degradation. Land degradation may be caused by overstocking of livestock and the use of inappropriate grazing methods and field burning regimes. Land degradation could result in a deterioration of livestock feeds, irreparable damage of natural resources, and loss of biodiversity.

Effect on economic development:

- The soil type and quality has a major impact on the intensity and type of farming that can occur in the area.
- Livestock grazing must be in line with the land's capability, in order to prevent land degradation and maximise land potential based on its inherent qualities.

#### 4.5 VEGETATION TYPES AND BIODIVERSITY

The vegetation in an area represents an integration of climate, soil and a number of other biological factors. Physical factors including geomorphology and geology also act as variables that determine vegetation types and biodiversity.

The Makana District has richly diverse and unique vegetation, comprising ten vegetation types, representing six of the seven major southern African biomes (namely forest, grassland, succulent karoo, fynbos, savannah grasslands and the thicket vegetation).

The Makana municipality is situated in the Albany Centre of Endemism and has 27 endemic plant species of which 17 (62%) are cited as being vulnerable and 5 (32%) are cited as being endangered.

Significant portions of land in the Makana municipality are classified as “Critical Biodiversity Areas”. This means that they are to be managed for biodiversity and conservation, with only limited development in the form of small scale tourism amenities recommended. Critical Biodiversity Areas also have guidelines on the form a agriculture that may take place (State of the Cacadu Environment, 2005; Makana ABP and LAA,2008)

The biodiversity of the thicket within Makana is threatened by several factors, including:

- Urbanisation
- Transformation of land for agricultural purposes
- Overgrazing by livestock
- Habitat loss through preparation of cultivated land for products such as cash crops
- Overpopulation of alien species introduced through agriculture and game reserves
- Unsustainable resource use
- Collection of plant species for medicinal and ornamental uses
- Land degradation because of the use of irrigation in areas with poor soils

Effect on economic development:

- Agriculture, mining, manufacturing activity and tourism all have the potential to affect Makana’s vegetation and overall biodiversity
- The high level of biodiversity makes it essential for conservation efforts to be stepped up. This becomes more important when the level of endangered and vulnerable species is presented.
- Land use planning must reflect the need for protection of native vegetation. In rural areas this must be implemented in the form of sustainable agricultural practices .
- Private game reserves and agri-villages may be used as conduits for the conservation of natural resources in Makana as the prevalence of rich vegetation cover could be used as a tourist draw card.

#### **4.6 SYNTHESIS**

All economic activity and production is at some level predicated by the natural environment on which it is based and in which it operates. An understanding of environmental characteristics of an area is vital in evaluating development potential that exists in an area. Understanding trends in environmental change is also crucial in ensuring that future development supports and is supported by natural resources available within an area.

#### **PART FIVE: INFRASTRUCTURE PROFILE**

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Infrastructure is one of the most vital requirements for social and economic development. As a result of this important link between infrastructure and development this chapter profiles the current situation regarding infrastructure in the Makana Local Municipality.

This chapter briefly assesses the economic infrastructure available in the region in terms of

- Transport (including Roads, Rail and Air)
- Water and sanitary services (including Sanitation and Waste Management )
- Electricity and Telecommunications
- Land availability, Land reform and Housing

Infrastructure provision in Makana is the responsibility of the Directorate of Technical and Infrastructure Services. In the 2008 Makana annual report, some of the directorate's key objectives are presented as:

- Eradication of bucket system by December 2007
- Provision of water to all by December 2008
- Provision of sanitation to all by December 2010
- Provision of electricity by December 2012
- Provision of all basic services by 2014

## 5.1 TRANSPORT

Transport networks serve the function of critical economic infrastructure as goods and services cannot be moved if there is inadequate transport infrastructure.

### 5.1.1 ROADS

In terms of major routes that traverse Makana's locality, the following roads exist:

#### **National Roads:**

- The N2 lies adjacent to Grahamstown and links it up with East London to the East and Port Elizabeth to the West.

#### **Main Roads:**

- The R400 links up Grahamstown to Riebeeck East and the N10
- The R343 links up Salem with Kenton-on-Sea
- The R350 links up Grahamstown to Bedford
- The R344 links up Grahamstown to Adelaide

#### **Arterial Roads:**

- The R67 links up Grahamstown to Port Alfred in the South and Fort Beaufort to the North

Makana has a road network totalling 757.4km, of which 588km are gravel and 169km are tarred (CDM SDF, 2009) . Maintenance of the N2 highway falls under the jurisdiction of the South African National Roads Agency Limited (SANRAL). Maintenance of the other roads is the responsibility of the Makana Municipality, with contracted assistance from the District from time to time.

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Compared to municipalities in the Cacadu district, Makana has a good road network. However because of underfunding and growth experienced especially in the townships and informal settlements of Makana, there is now a significant backlog in terms of road provision and maintenance. According to the Makana IDP review of 2008, when quantified these backlogs amount to:

- R107m of tarred road
- R340m of gravel road
- R277m of pavements

Because of underfunding, improper maintenance has led to some of the roads being in a poor condition. According to the Makana IDP (2008), only 47.7% of the roads in Makana were in good condition, which though higher than the district and provincial levels, is still low. Such a state of affairs could hamper the expansion and development of the transport, agricultural and tourism sectors. This scenario applies to the route linking Alicedale with the N2, which is not tarred. This serves as an example of how inferior road provision may be perceived as constraining future development, especially that of Tourism.

#### 5.1.2 RAIL

There are rail routes that link Grahamstown to Port Alfred, Alicedale, Cradock and Port Elizabeth (SDF, 2008). The rail infrastructure in place links up the Makana municipality with all the major national rail routes. This is because historically, a major railway junction was located in Alicedale. However, due to rising operational costs and declining profitability most of the rail routes within Makana are now disused. This has put an increased strain on the municipality's road networks as freight deliveries are now done using road rather than rail transport.

#### 5.1.3 AIR

A municipal owned airfield is situated just outside Grahamstown. This airstrip is leased to and operated by private organisations. It has a short tarred runway of only 1.2km, which limits the ability of large aircraft to land. It is thus predominantly used by charter aircraft that fly within the province.

The small size of the airstrip and nature of demand also means that no regularly scheduled flights to other towns and cities are undertaken by commercial carriers. However, there are plans for an expansion of the airstrip's refuelling capacity, which could allow increased traffic volumes in the future.

Several private landing strips are located throughout the Makana locality. These are a result of the farming legacy of the municipality, and its current orientation towards private game and nature reserves.

#### 5.1.4 IMPLICATIONS FOR LED

Transport networks have an indirect cost on the cost of doing business within an area. Furthermore, road rehabilitation costs increase exponentially the less regular sufficient maintenance is done, increasing the overall long run cost to the municipality to maintain the existing road network. Limited resources must thus be allocated and used in a manner that will maximise economic growth and development areas throughout the municipality. Improving the road conditions in the townships will improve the economic and social environments in these areas.

### 5.2 WATER AND SANITARY SERVICES

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### 5.2.1 WATER

Management of and planning for water resource needs of the Makana municipality are governed by the Water Services Development Plan of 2007. This document provides a status quo of water resources in the area and planned infrastructure development regarding bulk water supply, reticulation and allied activities. It also outlines roles and responsibilities in municipal functions that relate to provision, maintenance and expansion of bulk water infrastructure in the Makana municipality.

In the major urban settlements, surface water supplies are sourced from the following dams and reservoirs:

- **Grahamstown:** Glen Melville, Settlers, Howieson, Jameson and Milner dams
- **Alicedale:** New Year's Dam
- **Riebeek East :** Municipal boreholes
- Grahamstown uses 8.6 Mm<sup>3</sup>/a of water per year and at present there is adequate supply from the dams mentioned above.
- Riebeek East use 0.02856 Mm<sup>3</sup>/a of water per year and although there is presently adequate supply, there is need for increased storage capacity.

(Makana IDP Review, 2008; State of the Cacadu Environment, 2005)

Table 5.1 shows the Makana municipality's provision levels of potable water and sewerage purification from 2005 to 2008.

**Table 5.1: Makana Water Provision and Sewerage Purification levels**

Service Provided	Period		
	2005/2006	2006/2007	2007/2008
<b>Total Volume drinking Water (Kl)</b>	3 273 130	4 036 906	4 019 399
<b>Total Volume Sewerage Treated (Kl)</b>	2 532 125	2 596 788	2 307 964

(Source, Makana Annual Report 2006/2007; 2007/2008)

In the 2007/2008 financial year period, the Makana municipality was able to provide 4 019 399Kl of water. This translates into over 90% of the households in the municipality being served with individually metered ERF connections, according to the 2007 annual report. The amount of water provided by the municipality has steadily grown as shown in Table 5.1. This is a result of growth in demand for water, as well as an increase in the municipality's capacity to supply water. The majority of households without water connections in their individual residential units are found in informal townships that have grown in the last fifteen years. This means that the majority of households in the Makana area have access to bulk water supplies.

Despite most households having access to water, water provision is not without its own set of challenges in Makana. These include:

- Challenges brought by perennial drought
-

- Poor quality of water (which at times does not reach set standards) because of aging remediation plants. This is typified by the Waainek Water Treatment Works which are very old and operating at their maximum output levels (when equipment breakdowns do not interfere with remediation).
- Inconsistent water pressure and intermittent water supplies as a result of old infrastructure, particularly reticulation pumps and piping. In addition to this, there is a labour shortage within the municipality which inhibits cost effective and timeous pump servicing and motor maintenance. The cumulative effect of this state of affairs is evidenced by how there were 2058 water complaints in 2007 from Makana's 16 120 connected erven.
- The lack of adequate water supplies also has a negative impact on the agricultural sector especially in Salem and areas where irrigation is necessary
- A backlog in the provision of storm water infrastructure equivalent to R233m (Makana IDP Review, 2008)

### 5.2.2 SANITATION

In terms of the access to toilet facilities in Makana, of all the households in 2007 it was found that:

- 35% had access to flush or chemical toilets
- 23% relied on pit latrines
- 29% used bucket latrines (Source: Quantec, 2007)

This indicates a high level of provision of sanitation. However, new housing development in the townships and the expansion of Rhodes University is placing additional strain on old and over utilised infrastructure. Furthermore, demand for sanitation under the Free Basic Services scheme has increased since 1995, with increases in the indigent population, and the influx of former farm workers into urban areas. According to the 2008 IDP review, there exists a backlog in bulk water supply and sanitation services equivalent to 35% of the desired RDP level, the eradication of which will cost at least R100m.

### 5.2.3 WASTE MANAGEMENT

Waste Management consists of the collection, transportation and disposal of waste. An Integrated Waste Management Plan is in the process of being drafted by the Makana municipality to guide activity and policies.

87% of households have refuse removed by the local municipality at least once a week which is significantly the provincial and district averages of 37% and 71% respectively. (Quantec, 2007). Makana thus has a high level of waste collection and disposal infrastructure.

In Grahamstown there is a solid waste disposal site which has adequate capacity for the next 20 years. In Riebeeck East refuse is burnt at a waste disposal site located at Mooimeisiesfontein while in Alicedale solid waste is collected at a disused Quarry (Makana SDF, 2008).

The Municipality is currently offering very limited recycling incentives to private people or businesses, which could result in income generation and employment creation opportunities. There is room for expansion of the Masihule project that promotes recycling in partnership with the Department of Social Development.

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With regards to sewerage, Grahamstown has two sewage purification works and two water treatment plants. Alicedale has water purification works and sewerage ponds. Sewage works in Riebeeck East are non-functional, which poses health hazards, especially because of downstream seepage into water sources.

Waste management of sewage and organic material could provide opportunities for SMMEs such as renewable energy (e.g. biomass extractors and digesters) and the production of organic fertiliser.

The Belmont Valley and Mayfield Sewage Treatment Works are currently operating sub-optimally and require significant capital injections to allow them to meet the municipality's water-based sanitation needs. The cumulative effect of this state of affairs is evidenced by how there were 1240 waste management related complaints in 2007 from Makana's 12 139 connected erven. Whilst some of these complaints have their nascence in the state of the old infrastructure, this high number is also partly attributable to poor education of local residents on proper maintenance and upkeep of sanitary services. In addition to this, there is inadequate capacity at the municipal sewerage works in Grahamstown to cater for large, wet and heavy water polluting industries such as leather tanneries and abattoirs, to name but a few

#### 5.2.4 IMPLICATIONS FOR LED

The Provision of water, sanitation services and proper waste management have an impact on overall community wellbeing, which in turn affect the realisation of economic potential. Their provision or lack thereof has an impact on community health, worker productivity, the general quality of life and the attractiveness of Makana as a place to live and work in.

### 5.3 ELECTRICITY AND TELECOMMUNICATIONS

#### 5.3.1 ELECTRICITY

Reliable, uninterrupted electricity supply is vital to advance economic development in the region. Power cuts can impact negatively on both small and large scale businesses by cutting into their productive capacity. This applies to all businesses across the spectrum, from manufacturing enterprises such as Makana Brick and Tile to service organisations such Rhodes University.

The Makana municipality is responsible for electricity reticulation, distribution, resale and plant maintenance (Cacadu Municipal Capacity Report, 2008). Electricity generation and the provision of major infrastructure is the responsibility of Eskom, as is management of a substantial part of the municipal erven (Whisson, 2009).

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In 2008 the Makana municipality had a backlog in electricity provision amounting to 3500 households, or equivalent to 27.17% of the desired RDP level. This backlog primarily takes the form of provision of energy for cooking and lighting that households make use of.

With regards to eradication of this backlog, it should be noted that Eskom, the national supplier, has severe electricity generation capacity constraints to meet the demand for electricity in South Africa, which are expected to continue at least until 2014. This limits the additional supply local municipalities are able to offer in their localities. The implication of this is that as much the scope for increased supply may be limited, the municipality may still facilitate the provision of infrastructure that will allow eventual connection of households to the national grid.

### 5.3.2 TELECOMMUNICATIONS

Given the critical role that modern communication technology plays in the contemporary commercial environment, a well established telecommunication network can improve both the competitiveness and efficiency of local business while at the same time encouraging the introduction of new business ventures. A study of employment and unemployment in South Africa by Kingdon and Knight (2000) found strong and significant correlations between the provision of telecommunications services and the ability to find employment

In recognition of this, development and improvement of telecommunications networks is identified as an LED (rather than being classified under general infrastructure) objective in the Makana IDP Review of 2008.

Rhodes University has an established Centre of Excellence in partnership with Telkom. This is in recognition of the well developed ICT (information and Communication Technology) and telecommunications infrastructure that is in place at Rhodes University. This includes a high speed internet link that has enough bandwidth for large amounts of data. Rhodes University thus operates as a hub that links internet communications of several educational institutions.

In 2007 more than 71% of the Makana population had access to either a private telephone or one nearby. (Quantec, 2007).in fact, only 3% of the population were recorded as not having access to a public or private phone at all. However, most of these people used mobile phones, and did not have access to fixed landlines. Mobile phones are associated with higher initial capital costs and have more expensive running costs than fixed landlines. This then means that the effective cost of communication for most of Makana's residents is higher than optimal. In addition to this, there are very few phone shops that offer voice telephony or data services such as internet access or facsimiles.

### 5.3.3 IMPLICATION FOR LED

Access to electricity and telecommunication services is of prime importance in the townships, where most of the backlogs in infrastructure provision are experienced. Improved Access to electricity in the townships increases activity periods of the day (beyond sunset), which will allow a reduction in crime, improvement in educational performance, and encourage new and expanded business activity. Access to reliable and affordable telecommunication can assist small business by enhancing the number of opportunities for small business to partake in.

## 5.4 LAND AVAILABILITY, LAND REFORM AND HOUSING

### 5.4.1 LAND AVAILABILITY

Land is identified in the realm of economics as one of the critical factors of production. Availability of prime land thus has an impact on the nature of growth and development that occurs within an area. Similar to other parts of the country, Makana municipality faces a number of challenges pertaining to land availability and reform. The Makana spatial development plan, in conjunction with the land use management package shows the status quo of land availability and how this informs planned future spatial development within the area.

According to the Makana SDF (2009) most of the land in the municipality is privately owned. The majority of publicly owned land takes the form of the SANDF army base and private game reserves, with some clusters also located in the urban settlements of Grahamstown, Alicedale and Riebeeck East.

In Riebeeck East and Alicedale most of the privately owned land, which is concentrated in and around the urban centre, is unutilised, vacant and undeveloped. Private land in Grahamstown is largely developed, while state owned land to the north and municipal commonages to the south and east of Grahamstown is less developed. Strategic land parcels that are currently under mixed ownership (private and public) have been identified for future commercial, residential, agricultural and industrial use. Unfortunately, there is little land for development in the core of Grahamstown's urban centre, which leads to superficially high land prices.

### 5.4.2 LAND REFORM

Currently there are three parallel land reform policies being implemented by the South African National Government, these include Land Restitution, Land Redistribution and Land Tenure Reform. **Land restitution** is a legal process whereby people who can prove that they were dispossessed of their land after 1913 can regain their land or receive appropriate financial compensation for it. **Land redistribution** aims to address the racial imbalances in the ownership of commercial agricultural land while **land tenure** reform aims to address insecure tenure in the former homeland areas.

In terms of the land redistribution process, the national government has set a target black people owning 30% of commercial agricultural land by 2014 (CDE, 2008).

There is a need to ensure that land reform creates socioeconomic opportunities that are sustainable, and enough to benefit the majority of the populace. It must also be coupled with adequate provision of supporting infrastructure including education and training, hospitals, schools and residential settlements.

In Makana, land reform is undertaken through the Land and Agrarian Land Reform Project and Land Rights Awareness Campaign, which is a provincial initiative administered by the Department of Land Affairs, with assistance of the Department of Agriculture. Table 5.2 provides some indicators of the status of land reform in Makana. Table 5.3 provides a status quo of land restitution in Makana.

#### **Table 5.2 Status of Land Reform in Makana**

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Beneficiaries	Distributed 1994-2008	Progress towards target	Hectares still to be distributed to meet target	Average land price per hectare	Average approved beneficiary	Grant per
710	13 113ha	18.62%	70 428	R3 596	R9 211	

(Source: CDM Area Based Plan and Land Availability Report, 2008)

**Table 5.3 : State of Land restitution in Makana**

Urban		Rural		Total		Results	
Claims	Area (Ha)	Claims	Area (Ha)	Claims	Area ((Ha)	Settled	Gazetted
45	15.28	59	25 240.29	104	25 285.57	14	53

(Source: CDM Area Based Plan and Land Availability Report, 2008)

As shown in Table 5.2, land reform has benefited a large amount of beneficiaries (710). In terms of achieving the national target of 30% land redistribution the district progressed towards 18.62% of this target, which is higher than the district average of 6.31%. The average grant approved per beneficiary was the lowest in the Cacadu district. Most of the land transferred under land reform is located in parcels to the east of Grahamstown and to the North-west of Riebeeck East. The costs of land reform is presented in Table 5.2 however, do not include the opportunity cost associated with unproductive land, and other costs such as water and input provision (Whisson, 2009)

Out of the 104 land claims submitted, 14 restitution cases have been settled throughout the municipality by the Regional Land Commissioner, with a further 53 having been gazetted, 12 being validated, 21 under research and 3 under research. Makana had the second highest number of total claims in the Cacadu district after the Kouga Local Municipality . There is however still a number of outstanding claims that still require adjudication by the Regional Land Commissioner. One reason for the slow progress in dealing with outstanding restitution claims is the absence of a Department of Land Affairs office in the area.

Farmers from the area recognise the need to restructure the ownership of land and support the development of successful black farmers and sustainable farming operations as critical to the future of the farming communities. This has been exhibited through several instances of farmers facilitating land redistribution through the willing-buyer willing seller model. However, the high number of land restitution claims have led to insecurity amongst farmers, which in turn has led to low capital investment rates and a reluctance to expand the scope and scale of their current activity.

#### 5.4.3 HOUSING

Closely related to land reform, land availability, and the other forms of infrastructure discussed in this chapter is the issue of housing. The infrastructural backlogs and land reform issues highlighted in this chapter are inextricably related to the provision of adequate housing.

As has previously been alluded to in this report, there has been significant growth in urban dwellings in Makana townships. This is partly a result of former farm workers and their families moving into the urban areas seeking economic opportunities. According to the Makana 2008 IDP, the Makana municipality had

- The highest level of informal housing in the Cacadu District
- The highest growth in informal housing for the period 2001 – 2006
- The biggest backlog in housing in the district of 12 900 units.

(IDP, 2008)

It is evident that the district has a significant backlog in the provision of adequate housing that meets RDP standards. In response to this backlog, recent housing developments at Tanty Housing Development , Newtown Housing Development ,Extension 6 , Vukani, Victoria Road Extension and Farmerfield have led to the construction of over 1500 houses . Key areas that have been prioritised in the 2008 IDP as priority areas for housing development include Seven Fountains, Fort Brown, Mayfield, Transit Camp and Fingo Village.

#### 5.4.4 IMPLICATIONS FOR LED

Failed land reform programs negatively impact on agricultural production as well as threatening the livelihoods of emerging farmers. Without adequate land reform black and emerging farmers are prevented from engaging in productive activities in their area and are forced to seek work elsewhere, particularly in urban areas.

Housing provision improves the quality of life of residents, and fosters civic pride. Housing provision is as essential as other forms of infrastructure as it directly impacts on community, social and economic development.

#### 5.5 SYNTHESIS

The infrastructure in Makana is relatively well developed, in comparison to district and provincial averages. However as shown through the backlogs that exist in the different forms of infrastructure profiled, a number of challenges still exist both in terms of the provision of basic services and investment in infrastructure for the creation of an environment conducive for local economic development.

Where overall provision of most classes of infrastructure is adequate for business operation, its general quality was found to be below the expectations of stakeholders in Makana. A dichotomy in infrastructure provision exists between Grahamstown and the other urban areas in the local municipality. Within Grahamstown provision of enabling infrastructure of the townships and Grahamstown east was found to be below the standard that exists in the rest of Grahamstown.

The continual extension, upgrade and maintenance of infrastructure throughout the municipality are critical to improving Makana's competitiveness and its ability to encourage the introduction of new business. The provision of basic services and investment in infrastructure will play a critical role in the long run creation of an environment which is conducive for local economic development.

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## **CHAPTER THREE: DEVELOPMENTAL PRIORITIES ISSUES AND STRATEGIC INTERVENTION**

### **INTRODUCTION**

This chapter is dealing with service delivery challenges, capacity challenges and provides an understanding of how the Municipality is intends to overcomes these challenges. A number of issues have surfaced from the IDP 2008-2009 analysis, community participation through Mayoral Imbizo, institutional analysis (strategic planning sessions) and stakeholder engagement..

Each department in the municipality participated in identifying objectives and strategies for the development issues. These were presented to an IDP Rep Forum for discussion and consultation . The following six development issues were approved by the IDP Rep Forum, after considering the PGDP, 5-Year Local Government Strategic Agenda and the Government's 2014 targets.

These issues were consolidated into 5 priorities and development issues in accordance with national key performance areas. .

- Institutional Transformation and Organisational Development
- Basic Service Delivery (Community & Social and Infrastructure Development )
- Local Economic Development
- Financial Viability and Management
- Good Governance and Public Participation

This chapter will dealing with following:

Part one: community and stakeholder priorities

Part two: municipal strategic intervention for 2010-2011

### **3.1 PART ONE: COMMUNITY AND STAKEHOLDER PRIORITIES**

#### **3.1.1 KEY PERFORMANCE AREA ONE: Institutional development transformation**

- Strategic leadership and Planning
  - Improve Public Communication Systems
  - Development of a Complaints Management Policy Framework
  - Turn-around time policy to be developed for service provision
  - Improve interface with community and customer care
-

- Improve recruitment and selection processes through improving turnaround time
- Operationalization of retention and scarce skill strategy
- Development of succession plans for affected departments
- Improve Leave Management
- Develop Equity plan
- Improve Organisational image

### **3.1.2 KEY PERFORMANCE AREA TWO: BASIC SERVICE DELIVERY SOCIAL AND COMMUNITY SERVICES**

#### **1. Parks and recreation:**

- Funding for Community and Social service ( MIG funding to be increased Submit application to LOTTO to improve sport facilities)
- Review maintenance of public space
- Improved ageing fleet

#### **2. Traffic:**

- Devise a strategy to Improve customer relationship
- Devise a strategy to Improve ageing fleet and office space
- Construction of speed Humps in need areas

#### **3. Primary Health Care:**

- Speed up 24 hr community centre establishment
- Retaining of professional Nurses
- Ensuring clinics have Drugs all times
- Establishment of Clinic in extension 9

#### **4. Fire and Rescue:**

- Implement five year plan (CATS Report)
  - Investigate the establishment of toll free number
  - Work towards establishment of own disaster management centre
-

- Follow up funding request for fire station in Alidecale
- Start identifying space for satellite fire station in Grahamstown East
- Lobby for funds Ageing fleet

## **5. Library services:**

- Implement security tags (for all libraries)
- Change or secure new buildings to make them suitable for library(R-East)
- Investigate possibilities of using container libraries
- Train some people in sign language

## **6. Environmental Health:**

- Development of Waste Management Strategy
- Investigate the introduction of wheel bins
- Investigate ways of impounding stray animals and improve relations with stock owners
- Succession planning for human resources is developed
- Lobby for funds to deal with Ageing fleet

### **3.1.3. KEY PERFORMANCE AREA TWO: INFRASTRUCTURE DEVELOPMENT**

- Strategy on dealing with EIA to be developed
  - MIG expenditure turn-around time.
  - Enough human resources for maintenance of existing infrastructure
  - Enough Budget Maintenance of existing infrastructure
  - Riebeeck East underground water investigation versus surface water
  - Water quality
  - Strategy on alternative power supply for rural areas
  - Land availability for housing development :
  - Strategy of housing development in rural areas.
  - Engagement of Farm owners for housing development:
  - Access of state housing subsidy for the middleclass and identification of land.
  - Tarring of road
-

- Resealing and Rehabilitation roads.
- Speed process of formalization of infill areas.
- Develop a Water demand and water conservation Strategy
- Engagement of Roads and Transport or Public works for maintenance, refurbishment and resealing of National Roads and Provincial Roads within Makana jurisdiction.

#### **3.1.4 KPA 3: LOCAL ECONOMIC DEVELOPMENT**

- Infrastructure support to Co-ops, farmers, tourism and street vendors
- Skills gap in programmes
- Green city
- Partnerships (internal and external)
- Research on opportunities in the Makana Areas
- Agric Development Strategy
- Rural Development Strategy
- SMME Development Strategy

#### **3.1.4 KEY PERFORMANCE AREA FOUR: FINANCIAL VIABILITY AND MANAGEMENT**

##### **1. Indigent management**

- Improve Registration processes
- Acquisition of a vehicle for the Section;
- Utilisation of Ward Cllr's Offices by Indigent Clerks for registration purposes,
- Possibilities of utilising offices in Joza Housing Offices

##### **2. Improve Credit Control**

- Appointment of Debt collection agency

**PRIORITISE AREAS WHERE THE AG HAS BEEN “Qualifying” the municipality on during the past number of years**

- Areas where the AG “nails” the municipality from year to year, such as
-

- (i) compliance,
- (ii) asset register,
- (iii) bank reconciliations,
- (iv) leave records, etc
- Acquire a new accounting system or upgrade the current system

### **3.1.5 KEY PERFORMANCE AREA FIVE: PUBLIC PARTICIPATION AND GOOD GOVERNANCE**

#### **1. Functionality of Ward Committees**

- Capacity building for all ward committees.
- All those remaining be launched by June 2010.
- Develop of meeting schedule for all wards
- Development of reporting mechanism information from ward committee meetings to relevant Portfolio
- Development of strategy on monitoring of the work of the ward Committee
- Development of strategy on monitoring of the work of the ward Committees

#### **2. Public Participation:**

- Development Broad Public Participation Policy Framework
- Public Communication systems

#### **3. Improving an Audit Report**

##### ***Establish an IT unit***

- It has proven during the recent audit by the AG that not having an internal IT person or section within the institution is a challenge

##### **Establish a pre-audit section within finance**

- The key purpose of this section will be to ensure that prior to payments are being made, authorities exist, funds are available,

##### **Establish an in-house internal audit unit**

- The current situation of depending to an outsourced service for Internal Auditing is not ideal. The municipality controls an operating budget in excess of R200m and it would be wise to rather have Internal Auditors within the organogram (as advisors and compliance certifiers).
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**3.2 PART TWO: MUNICIPAL STRATEGIC INTERVENTION FOR 2010-2011**

(Refine Developmental Objective and Strategies)

NATIONAL KPA	DEVELOPMENT OBJECTIVE	STRATEGY	KPI	PROJECT/PROGRAMS
<p><b>KPA 1: INSTITUTIONAL TRANSFORMATION &amp; ORGANIZATIONAL DEVELOPMENT</b></p>	<p><b>Maintain efficient and effective administration</b></p>	<p>Strategic leadership &amp; Management</p>	<ul style="list-style-type: none"> <li>• No. of SMT meetings (fortnightly)</li> <li>• No. of EMT meetings (Quarterly)</li> <li>• No. of Directorates meetings (Monthly)</li> <li>• Seamless transition between the political and the operational pillars</li> <li>• Translation of policies and priorities into strategies for effective service delivery</li> <li>• Performance agreements signed</li> <li>• Quarterly reviews conducted</li> <li>• Mid-year reviews conducted</li> <li>• Annual assessments conducted</li> <li>• Efficient and effective management of the Municipality                             <ul style="list-style-type: none"> <li>• Strategic planning being facilitated</li> <li>• Strategy translated into action plans</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Effective Leadership</li> <li>• Team Work</li> <li>• Capacity Bldg-Fin Management</li> <li>• Planning</li> <li>• Time Management</li> <li>• Inculcating work ethics</li> <li>• Systems and procedures</li> <li>• Translation of policies and priorities into strategies for effective service delivery</li> </ul>

			<ul style="list-style-type: none"> <li>• Communicate to all employees and stakeholders and clients</li> <li>• Development action plan for implementation of policies</li> </ul>	
	Good corporate governance	Maximise use of Information Communication Technology	•	<ul style="list-style-type: none"> <li>• Integrated information management system</li> <li>•</li> </ul>
		Re examine and redesign ICT environment	•	<ul style="list-style-type: none"> <li>• Information Technology Assessment</li> <li>• IT Support and management</li> </ul>
		Invest in new Technology with demonstrated return on investment	•	<ul style="list-style-type: none"> <li>• ICT literacy capacity building</li> <li>• Upgrading of ICT infrastructure(Network)</li> <li>• Data recovery plan</li> </ul>
		Promote positive image	<ul style="list-style-type: none"> <li>• Improve Interface with public.</li> <li>• Filling of vacant post must be filled with two month</li> <li>• Establish Customer information desk</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Integrated</b> Complaints and <b>response</b> handling system</li> <li>• Corporate branding</li> <li>• Inculcate <b>customer care</b> Batho-Pele Principles</li> <li>• <b>Investigate use of</b></li> </ul>

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				<b>office space and management</b>
		Enhance Employee retention & recruitment	<ul style="list-style-type: none"> <li>• Number of budget post filled according vacant schedule</li> <li>• Number of scarce skills retained</li> <li>• Succession plan is developed by end of the financial year</li> <li>• <b>Quarterly report vacancy schedule</b></li> <li>• Quarterly analysis reports on Exit Interview.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>office space and management</b></li> <li>• Improve recruitment and selection processes through improving turnaround time</li> <li>• Operationalization of <b>attraction</b> retention and scarce skill strategy</li> <li>• Development of succession plans for all staff</li> <li>• Training and development plan</li> <li>• <b>Analysis of feedback from interview.</b></li> <li>• <b>Well</b></li> </ul>

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		Improve human resource administration	<ul style="list-style-type: none"> <li>• Quarterly report, on No leave applications and leave captured .</li> <li>• Develop Equity Plan by 30 Sep 2010.</li> <li>• Development of WSP by 30 July 2010.</li> <li>• Quarterly report based on the WSP.</li> <li>• Functionality of Training Committee (number of meetings).</li> <li>• Development of HR Plan by 30 November 2010.</li> <li>• Installation and development of a security systems and effective management by 30 November 2010.</li> <li>• Quarterly reports on number of referrals.</li> </ul>	<ul style="list-style-type: none"> <li>• Leave Management</li> <li>• Develop Equity plan</li> <li>• Training &amp; Development</li> <li>• HR Plan</li> <li>• Security management</li> <li>• Employee Wellness programs</li> </ul>
		Improve effectiveness & efficiency of general administration	<ul style="list-style-type: none"> <li>• Quality of minute by reducing number of errors.</li> <li>• Timeous delivery of agendas.</li> <li>• Implementation of</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of Secretarial service</li> <li>• Document and record management</li> <li>• Management of community halls</li> </ul>

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			<p>the Internal audit report.</p> <ul style="list-style-type: none"> <li>• Hall usage guidelines are developed</li> </ul>	
		Institute an effective & efficient PMS for all employees	<ul style="list-style-type: none"> <li>• Number of performance agreements signed.</li> <li>• Incentive framework for performance excellence.</li> <li>• Implementation of the roll out plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Cascading of PMS</li> <li>• Capacity building on PMS &amp; Awareness</li> </ul>
		To ensure a conducive legislative environment that promotes sustainable service delivery	<ul style="list-style-type: none"> <li>• Review of regulatory framework of by-laws</li> <li>• Appointment of Traffic Wardens and designation (Peace Officer)</li> </ul>	<ul style="list-style-type: none"> <li>• Developed and Enforcement of new and existing by-laws</li> </ul>

<p><b>KPA 2: BASIC SERVICE DELIVERY</b></p> <p><b>Local Key Performance Area</b></p>	<b>An improved primary health care services</b>	Ensure that health services and facilities are accessible	<ul style="list-style-type: none"> <li>• Lobby Dept Health to build community health centre Joza</li> <li>• Lobby Dept of health to extend service hours to</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of a 24 hr community health centre in Joza</li> <li>• Plan for clinics in the new settlement areas, Transit Camp and X10</li> </ul>
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<p><b>( Community and Social Service)</b></p>			<p><b>18h00</b></p> <ul style="list-style-type: none"> <li>• Identify land for new clinics</li> <li>• lobby existing clinics to be opened more than once a week</li> <li>• Lobby district Council to extend services</li> <li>• Renovate building</li> </ul>	<ul style="list-style-type: none"> <li>• Establish &amp; upgrade satellite clinics in Hoegenooq, Silvertown &amp; Mayfield</li> <li>• Ensure extension of better health services to <b>all</b> rural areas, health posts and mobile clinics – Salem, Fort Brown and <b>Sidbury</b></li> <li>• Upgrading of Raglan Road Clinic</li> </ul>
		<p>Ensure effective and efficient quality primary health care services</p>	<ul style="list-style-type: none"> <li>• Each clinic to have a complaints register</li> <li>• Implement infection control policy introduction of florescene lights.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve complaints management:</li> <li>• Functional clinic committees in all clinics</li> <li>• Health Education Programme</li> <li>• Review retired nurses contract annually Develop training strategy to absorb people into health care system: internships and in service training</li> <li>• Introduce queue marshals in all clinics</li> <li>• <b>Appointment admin</b></li> </ul>

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				person to do admin
	<b>Contributed towards a safe and secure environment</b>	Decrease the risk of fires and disasters	<ul style="list-style-type: none"> <li>• Lobby with CACADU to assist</li> <li>• Source funding</li> <li>• Liaise with corporate services regarding toll free number</li> <li>• Acquire vehicles</li> <li>• Appoint staff</li> <li>• Training of staff</li> <li>• lobby with CACADU for disaster centre</li> <li>• Identify office space and procure equipment</li> <li>• Number of campaigns conducted</li> </ul>	<ul style="list-style-type: none"> <li>• Establish operational fire stations in Alicedale and R. East</li> <li>• Establish fire station at at Grahamstown East</li> <li>• Establish efficient contact system: toll free number and customer care</li> <li>• Implement departments 5 year plan(CAPS)</li> <li>• Establish own Disaster Management Centre</li> <li>• Public education and Awareness on fire prevention</li> </ul>
		Improved road safety	<ul style="list-style-type: none"> <li>• Identify locations</li> <li>• Identify schools and organisations to train</li> <li>• Implementation of Traffic notional code</li> </ul>	<ul style="list-style-type: none"> <li>• Erect speed hump in need areas</li> <li>• Road safety education</li> <li>• Bus terminus and toilet block</li> <li>• Circle st Andrews</li> <li>• Pavements</li> <li>• Traffic training centre</li> </ul>

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				fencing • Enforcement of by-laws
	<b>Promote a culture of reading and learning</b>	Effective and efficient library services	• Implement security tags	• Improve security measures
		Access to libraries	<ul style="list-style-type: none"> <li>• Train people in sign language, one for each library</li> <li>• Lobby for funding</li> <li>• Secure funds and purchase vehicle</li> <li>• Connect to Cacadu</li> <li>• Lobby CACADU and Province for funding</li> <li>• Identify community halls to serve as a library</li> </ul>	<ul style="list-style-type: none"> <li>• Improve communication measures</li> <li>• Construct new library in RE</li> <li>• Establish mobile library in new areas, Transit camp, Eluxolweni &amp; Hoogennog</li> <li>• Public access to internet</li> <li>• One-stop Community Halls including libraries</li> </ul>

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	<b>A clean &amp; healthy municipality which comply to environmental and environmental health legislations</b>	Promote community education and participation	<ul style="list-style-type: none"> <li>• Awareness campaign</li> </ul>	<ul style="list-style-type: none"> <li>• Education and training</li> </ul>
		Effective and efficient management of LEAP	<ul style="list-style-type: none"> <li>• Plan for neighbourhood recycling depot</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Green City concept</li> </ul>
		Ensure involvement and participation of stakeholders in environmental matters	<ul style="list-style-type: none"> <li>• Support specialist groups in development and implementation of environmental initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure partnerships</li> </ul>
	<b>Clean and healthy environment</b>		<ul style="list-style-type: none"> <li>• Upgrade of collection equipment</li> <li>• Introduce two bag system</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Improve collection methods</li> <li>• Recycling</li> <li>• Ensure feasibility of plastic recycle plan</li> </ul>
		Effective and efficient Refuse removal	<ul style="list-style-type: none"> <li>• Review use of skips</li> <li>• Introduce shift system (after hrs)</li> <li>• Investigate feasibility of wheelie bins</li> <li>• Upgrade waste removal equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Effective collection of garden waste for composting</li> <li>• Wheelie bins</li> <li>• Alternative service delivery model for rural areas</li> </ul>

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			<ul style="list-style-type: none"> <li>• Investigate broadening services to rural areas</li> <li>• Participate and oversee implementation of project</li> </ul>	<ul style="list-style-type: none"> <li>• Clean up campaign for Makana(clean ward competition)</li> <li>• Masesulu recycling project</li> <li>• Implement integrated Waste Management Plan</li> </ul>
	<b>Public amenities are improved and well managed</b>	Ensure effective and sustainable maintenance & creation of Parks and Recreational facilities	<ul style="list-style-type: none"> <li>• Lobby for social component of MIG to be increased</li> <li>• Submit applications to LOTTO for funding, Egazini, Oval, Foley's Ground</li> <li>• Review maintenance of public space</li> <li>• Develop Sports Facilities Master Plan</li> <li>• Establish playgrounds in all wards</li> <li>• . Provide summer holiday program</li> <li>• Source funding in mass participation program</li> <li>• Implement facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrade sport and recreation facilities (Prioritise Oval Sport Field )</li> <li>• Tennis court upgrade curry street</li> <li>• Develop netball facility ward 6</li> </ul>

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			<p>and programs for rural areas</p> <ul style="list-style-type: none"> <li>• Secure funding for netball field</li> </ul>	
		Effective usage and management of municipal owned land		<ul style="list-style-type: none"> <li>• Management and extension of Commonage and conservancies <ul style="list-style-type: none"> <li>• Improve infrastructure</li> <li>• Manage stray animal</li> <li>• Investigate the ownership</li> <li>• Land Audit</li> </ul> </li> </ul>
		To ensure greening of Makana municipality	<ul style="list-style-type: none"> <li>• Update the cemetery register</li> <li>• Complete Zion dam project</li> <li>• Complete spring project</li> <li>• Complete Makana link park</li> <li>• Complete Sani cemetery</li> </ul>	<ul style="list-style-type: none"> <li>• Makana greening project</li> <li>• Management cemetery <ul style="list-style-type: none"> <li>• Management of greening project</li> <li>• New muslim cemetery area Waainek</li> </ul> </li> </ul>

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		Maintain category one license of airport	<ul style="list-style-type: none"> <li>• Ensure all license requirements are met</li> </ul>	<ul style="list-style-type: none"> <li>• Meet category one license requirements</li> </ul>
			<ul style="list-style-type: none"> <li>• Advise on community recreation facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Egazeni precinct. (Provision of passive recreation and sport facilities)</li> </ul>
		Ensure management of nature reserves	<ul style="list-style-type: none"> <li>• Lobby funding</li> </ul>	<ul style="list-style-type: none"> <li>• Echo pass</li> <li>• Blaukrans nature reserve</li> </ul>
			<ul style="list-style-type: none"> <li>• Attend meeting</li> <li>• Ensure funding is in place</li> </ul>	<ul style="list-style-type: none"> <li>• Kowie catchment campaign</li> </ul>
		Ensure effective control of AIP'S on municipal land	<ul style="list-style-type: none"> <li>• Ensure budget is in place</li> <li>• Expend budget</li> </ul>	<ul style="list-style-type: none"> <li>• Albany working for water</li> </ul>
		Ensure sustainability of Oldenburgia conservancy	<ul style="list-style-type: none"> <li>• Signing of constitution</li> <li>• Submission of 4 mil project application</li> </ul>	<ul style="list-style-type: none"> <li>• Oldenburgia conservancy</li> </ul>
			<ul style="list-style-type: none"> <li>• Development of a comprehensive integrated cemetery policy</li> </ul>	<ul style="list-style-type: none"> <li>• Improve cemetery maintenance</li> </ul>

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<b>Basic Service Delivery</b>	<b>Access to safe drinking and affordable water is provided</b>	Water quality is improved through the compliance with <b>South African National Standards</b> 241	<ul style="list-style-type: none"> <li>• Monthly test results</li> <li>• Improve community awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Water analysis and sampling</li> <li>• Save water campaign</li> </ul>
<b>Local Key Performance Area</b>  <b>Technical and Infrastructure</b>		Ensure fully functional water treatment plants	<ul style="list-style-type: none"> <li>• Drop of water outages</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrading of James Kleynhans Water treatment Plant (<b>WTP</b>)</li> <li>• Upgrading of Alicedale of WTP</li> <li>• Upgrading of Riebeeck East WTP</li> <li>• Upgrading of Waainek WTP</li> </ul>
		Ensure constant water supply, distribution and conservation	<ul style="list-style-type: none"> <li>• Final Section 78 Assessment report</li> <li>• Reduction in water losses</li> <li>• Increased availability of water</li> <li>• Installed number of rain water tanks</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Section 78 Assessment</li> <li>• Water Demand and Conservation Strategy</li> <li>• Recycling of waste water</li> <li>• Water harvesting programme</li> </ul>

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			<ul style="list-style-type: none"> <li>• Investigation report</li> <li>• Improved water supply</li> </ul>	<ul style="list-style-type: none"> <li>• Investigation on alternative water supply (Riebeeck East)</li> <li>• <b>Implementation of Master Plan</b></li> <li>• Construction of bulk water supply: Seven Fountains.</li> <li>• Provision of bulk water and reservoir at KwaNonzwakazi and Transriviere</li> <li>• Construction of a 4MI storage reservoir at Botha's Hill</li> <li>• Upgrade Alicedale internal water reticulation</li> <li>• Upgrade Riebeeck East internal water reticulation</li> <li>• Refurbishment of Grahamstown Central reticulation Phase 1</li> <li>• Water for rural areas – Audit</li> <li>• Provision of Bulk Services Cradock Heights</li> </ul>
	<b>Acceptable and</b>	Ensure basic sewer	• Number of	• Construction of

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	<b>affordable sanitation services are provided</b>	services are provided	households provided with sewer services	<p>Extension 6 sewer reticulation</p> <ul style="list-style-type: none"> <li>• Construction of Extension 6 toilets</li> <li>• Construction of sewer reticulation at Lower Makana</li> <li>• Construction of toilets in Lower Makana</li> <li>• Construction of toilets in KwaNomzamo</li> <li>• Provision of sewer reticulation at the Industrial area</li> <li>• Provision of services to erf 4103</li> <li>• Construction of Riebeeck East oxidation ponds</li> <li>• Construction of Alicedale sewer reticulation and outfall</li> </ul>
		Ensure the upgrading and regular maintenance of sanitation infrastructure is in place	<ul style="list-style-type: none"> <li>• Improved sewer services</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrade old infrastructure</li> <li>• Refurbishment of Grahamstown Central sewer reticulation Phase 1</li> <li>• Rehabilitation of sewer and remedial work to</li> </ul>

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				<p>houses at Scotch Farm</p> <ul style="list-style-type: none"><li>• Upgrading of Alicedale Treatment Works</li><li>• Upgrading of Belmont Valley WWTW</li><li>• Makana Central sewer pump station, rising main and outfall sewer</li><li>• Upgrade capacity of Grahamstown outfall sewers Phase 1</li><li>• <b>Waterless sanitation</b></li></ul>
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	<b>Access to energy</b>	Ensure safe, reliable and affordable energy	<ul style="list-style-type: none"> <li>• Approved tariff structure by NERSA</li> <li>• Reduced percentage of electricity losses</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Tariff Policy</li> <li>• Develop and implement a Tariff By-Law</li> </ul>
		Ensure the upgrading and regular maintenance of energy infrastructure is in place	<ul style="list-style-type: none"> <li>• Improved quality of supply</li> </ul>	<ul style="list-style-type: none"> <li>• Explore renewable energy for all new lights and traffic lights</li> <li>• Upgrade of network infrastructure in all substations</li> <li>• Replace redundant high tension</li> <li>• Replacement of rotten poles</li> <li>• Upgrade of substation</li> <li>• HT remote switching of OCB</li> <li>• Replace of transformers</li> <li>• Summit Drainage</li> <li>• Electricity for rural areas</li> <li>• Upgrade electricity infrastructure plants and equipment needed in support to carry out deliverables</li> <li>• Community awareness on energy efficiency</li> </ul>

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				<ul style="list-style-type: none"> <li>• Upgrading of Sugarlaof substation</li> <li>• Upgrade electricity infrastructure in Alicedale</li> <li>• Upgrading of Howieson Poort</li> <li>• Transit Camp, Lingelihle, Eluxolweni and Vukani Streetlights</li> <li>• Alicedale Streetlights</li> <li>• <b>Electrification of informal settlement</b></li> <li>• <b>Municipality to take over the township from Eskom</b></li> </ul>
		Ensure alternative sources of energy are explored	<ul style="list-style-type: none"> <li>• Report analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Wind Farm project</li> <li>• Investigate energy supply (Rural supply)</li> </ul>
	<b>Good quality roads and storm water drainage is provided</b>	Ensure existing roads and storm water are upgraded and maintained including sidewalks.	<ul style="list-style-type: none"> <li>• Number of km's surfaced</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of sidewalks</li> <li>• Construction of roads (fak' itar)</li> <li>• <b>Stormwater drainage in Grahamstown</b></li> <li>• <b>Construction of new surfaced road from Makana Way</b></li> <li>• <b>Construction of new roads from bottom of</b></li> </ul>

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				<p>Albert road to Vukani ringroad</p> <ul style="list-style-type: none"> <li>• Road Management System</li> </ul>
	<b>Sustainable land use planning and management</b>	Ensure effective and efficient land use changes in accordance with applicable legislation	<ul style="list-style-type: none"> <li>• Approved SDF</li> <li>• Assessment report</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Spatial Development Framework</li> <li>• Management of open spaces</li> <li>• Formalisation of infill areas</li> </ul>
		Ensure effective mechanisms are implemented when planning land use	<ul style="list-style-type: none"> <li>• GIS system in-place</li> </ul>	<ul style="list-style-type: none"> <li>• Computerised GIS system</li> </ul>
	<b>Contribute towards housing provision</b>	Ensure the facilitation towards the eradication of the housing backlog	<ul style="list-style-type: none"> <li>• Approved human settlement plan</li> <li>• Number of shacks demolished</li> <li>• Number of households benefited</li> </ul>	<ul style="list-style-type: none"> <li>• Human settlement plan</li> <li>• Controlling of spiralling informal shacks</li> <li>• Seven Fountains housing project</li> <li>• Alicedale housing project</li> <li>• Fort Brown housing project</li> <li>• Transit Camp housing project</li> <li>• Mayfield Phase 2 housing project</li> </ul>

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				<ul style="list-style-type: none"> <li>• Eluxolweni housing project</li> <li>• Fingo Village housing project</li> <li>• Tantyi Phase 2 housing project</li> <li>• Disaster Housing project</li> <li>• Newtown housing project</li> </ul>
		Ensure effective housing administration		<ul style="list-style-type: none"> <li>• Application of Housing Accreditation Status</li> <li>• Efficient beneficiary administration</li> <li>• Housing consumer Education</li> </ul>
		Ensure the facilitation of the rectification of defective houses	<ul style="list-style-type: none"> <li>• Assessment report</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment of pre-1994 houses</li> </ul>
	<b>Sustainable land use planning and management</b>	Ensure effective and efficient land use changes in accordance with applicable legislation	<ul style="list-style-type: none"> <li>• Approved SDF</li> <li>• Assessment report</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Spatial Development Framework</li> <li>• Management of open spaces</li> </ul>
		Ensure effective mechanisms are implemented when planning land use	<ul style="list-style-type: none"> <li>• GIS system in-place</li> </ul>	<ul style="list-style-type: none"> <li>• Computerised GIS system</li> </ul>
	<b>Contribute towards</b>	Ensure the facilitation	<ul style="list-style-type: none"> <li>• Approved human</li> </ul>	<ul style="list-style-type: none"> <li>• Human settlement plan</li> </ul>

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	<b>housing provision</b>	towards the eradication of the housing backlog	settlement plan <ul style="list-style-type: none"> <li>• Number of shacks demolished</li> <li>• Number of households benefited</li> </ul>	<ul style="list-style-type: none"> <li>• Controlling of spiralling informal shacks</li> <li>• Seven Fountains housing project</li> <li>• Alicedale housing project</li> <li>• Fort Brown housing project</li> <li>• Transit Camp housing project</li> <li>• Mayfield Phase 2 housing project</li> <li>• Eluxolweni housing project</li> <li>• Fingo Village housing project</li> <li>• Tantyi Phase 2 housing project</li> <li>• Disaster Housing project</li> </ul>
		Ensure effective housing administration		<ul style="list-style-type: none"> <li>• Application of Housing Accreditation Status</li> <li>• Efficient beneficiary administration</li> <li>• Housing consumer</li> </ul>

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				education
		Ensure the facilitation of the rectification of defective houses	<ul style="list-style-type: none"><li>• Assessment report</li></ul>	<ul style="list-style-type: none"><li>• Assessment of pre-1994 houses</li></ul>

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<b>KPA 3: LOCAL ECONOMIC DEVELOPMENT</b>	<b>Increase RGDP by 3.5% per year to match district and provincial growth rates</b>	<b>Establish strategic partnerships between local LED role players to maximize cooperation and interaction in order to stimulate an increase in the R-GDP</b>	<ul style="list-style-type: none"> <li>• Quarterly Reports be submitted</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate the organization of the business sector</li> </ul>
			<ul style="list-style-type: none"> <li>• Project/s identified and implemented through partnership with RU</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and implement at least one project emanating from the partnership with Rhodes University</li> </ul>
			<ul style="list-style-type: none"> <li>• <i>Ensure that at least two local artists participate in the National Arts Festival annually.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Enhance the participation of the local arts and culture sector in the National Arts Festival</li> </ul>
			<ul style="list-style-type: none"> <li>• <i>Ensure that at least two artists benefit from the National Arts Festival annually.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Optimise the SMME development programme that is an outcome of the strategic partnership with the National Arts Festival</li> </ul>
			<ul style="list-style-type: none"> <li>• <i>Identify one flagship project that should be implemented as a result of the MOU with Innowind.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that the MoU with Innowind is implemented</li> </ul>

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			<ul style="list-style-type: none"> <li>• <i>Ensure that at least two pro poor edutourism products are developed and packaged</i></li> </ul>	<ul style="list-style-type: none"> <li>• Promote and facilitate the roll-out of the Edu-Tourism Project</li> </ul>
			<ul style="list-style-type: none"> <li>• No. of Project Monitoring Committee Meetings held</li> </ul>	<ul style="list-style-type: none"> <li>• Fulfil the oversight and facilitation role of the Makana Goat Project</li> </ul>
			<ul style="list-style-type: none"> <li>• Small Scale Mining Implementation plan Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Draft a strategy and implementation plan for the support of small scale mining with current partners</li> </ul>
			<ul style="list-style-type: none"> <li>• <i>Facilitate the implementation of projects that are identified in the business plan</i></li> </ul>	<ul style="list-style-type: none"> <li>• Ensure efficient and effective oversight of the ADF according to the MoU</li> </ul>
			<ul style="list-style-type: none"> <li>• <i>Identify one project that has economic growth potential and employment creation.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Promote and facilitate green economy projects</li> </ul>
			<ul style="list-style-type: none"> <li>• Quarterly Reports be submitted</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure the effective co-ordination of the NDPG</li> </ul>
			<ul style="list-style-type: none"> <li>• Quarterly Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate and enhance</li> </ul>

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			be submitted	the Kwam-e-Makana project in partnership with DESRAC and the LTO
			<ul style="list-style-type: none"> <li>• <i>Identify at least two projects that have the potential to broaden the rural economic base.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate and support the development of a rural development strategy in partnership with Ruliv</li> </ul>
		<b>Support the development and growth of the local tourism sector</b>	<ul style="list-style-type: none"> <li>▪ <i>Facilitate the development and accreditation of local tour guides</i></li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate tourism product development</li> </ul>
			<ul style="list-style-type: none"> <li>• No of tourism projects developed</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate and promote the development of community based tourism projects</li> </ul>
			<ul style="list-style-type: none"> <li>• Quarterly Reports be submitted</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate and promote the packaging of heritage projects</li> </ul>
			<ul style="list-style-type: none"> <li>• Infrastructure Tourism improved</li> </ul>	<ul style="list-style-type: none"> <li>• Improve tourism infrastructure such as signage</li> </ul>
			<ul style="list-style-type: none"> <li>• <i>Develop a system of collating tourism statistics</i></li> </ul>	<ul style="list-style-type: none"> <li>• Measure tourism growth and development</li> </ul>
			<ul style="list-style-type: none"> <li>• <i>Craft a tourism SMME development and Support Plan</i></li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate access to finance for tourism and heritage projects</li> </ul>

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		<b>Support the development and growth of SMME's</b>	<ul style="list-style-type: none"> <li>No of catalytic projects facilitated for emerging farmers</li> </ul>	<ul style="list-style-type: none"> <li>Promote and facilitate the implementation of catalytic projects with the assistance of emerging and commercial farmers, as well as relevant role-players</li> </ul>
			<ul style="list-style-type: none"> <li><i>Conduct an audit of emerging farmers and their needs.</i></li> </ul>	<ul style="list-style-type: none"> <li>Facilitate access to finance for emerging farmers</li> </ul>
			<ul style="list-style-type: none"> <li>No. of farmers assisted through linkages</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate access to land for emerging farmers</li> </ul>
			<ul style="list-style-type: none"> <li>Agricultural Development Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Draft an agricultural development strategy and policy, as well as an implementation plan</li> </ul>
			<ul style="list-style-type: none"> <li><i>Include co operative development in the SMME Development and Support Programme.</i></li> </ul>	<ul style="list-style-type: none"> <li>Promote and facilitate the establishment of co-ops to ensure development and growth in the agriculture sector</li> </ul>
			<ul style="list-style-type: none"> <li>No. of Agricultural SMME's assisted in capacity building (e.g. Training and</li> </ul>	<ul style="list-style-type: none"> <li>Promote and facilitate capacity building for economic growth and development in the</li> </ul>

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			Mentorship)	agriculture sector
			<ul style="list-style-type: none"> <li>No of linkages formulated for agricultural sector</li> </ul>	<ul style="list-style-type: none"> <li>Identify linkages that will promote economic growth and development in the agriculture sector and create awareness of these linkages among role players in the sector</li> </ul>
			<ul style="list-style-type: none"> <li>A formal document determining opportunities for new markets</li> </ul>	<ul style="list-style-type: none"> <li>Undertake a study to determine opportunities new markets to stimulate growth and development in the agriculture sector</li> </ul>
		<b>Support the development and growth of SMME's</b>	<ul style="list-style-type: none"> <li>No. of SMME's assisted in capacity building (e.g. Training and Mentorship)</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate capacity building for SMMEs' in partnership with government departments, government agencies and the private sector</li> </ul>
			<ul style="list-style-type: none"> <li>No. of SMME's assisted in accessing financial support</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate access to finance for SMMEs</li> </ul>
			<ul style="list-style-type: none"> <li>No. of workshops for co-operative development</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate the development of co-operatives and strengthening of existing co-ops</li> </ul>

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			<ul style="list-style-type: none"> <li>• SMME development strategy and implementation plan</li> </ul>	<ul style="list-style-type: none"> <li>• Draft a SMME development strategy and policy with an implementation plan</li> </ul>
			<ul style="list-style-type: none"> <li>• Availability of SMME's database</li> </ul>	<ul style="list-style-type: none"> <li>• Compile a database of SMMEs</li> </ul>
			<ul style="list-style-type: none"> <li>• <i>Facilitate "buy local" campaign to improve procurement of local goods and services.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that SMMEs benefit from Council's Supply Chain</li> </ul>
			<ul style="list-style-type: none"> <li>• Establishment of Centre for entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance the existing relationship between SEDA, the Centre for Entrepreneurship Development and the Council</li> </ul>
			<ul style="list-style-type: none"> <li>• <i>Develop informal economy policy and provide infrastructure for hawkers.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Enhance the growth and development of the informal sector</li> </ul>

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			<ul style="list-style-type: none"> <li>Facilitate regular information sharing sessions for SMMEs</li> </ul>	<ul style="list-style-type: none"> <li>Create awareness of the Council's role and services offered to promote growth and development of SMMEs</li> </ul>
		Promote investment attraction	<ul style="list-style-type: none"> <li>Investment Policy</li> </ul>	<ul style="list-style-type: none"> <li>Finalize and implement the investment attraction policy</li> </ul>
			<ul style="list-style-type: none"> <li>Develop marketing material to profile Makana for investment attraction.</li> </ul>	<ul style="list-style-type: none"> <li>Market Makana as an investment location</li> </ul>
			<ul style="list-style-type: none"> <li>Formal Report on research undertaken to determine business confidence</li> </ul>	<ul style="list-style-type: none"> <li>Undertake research to determine business confidence in the Municipality</li> </ul>
			<ul style="list-style-type: none"> <li>Availability of Red tape Reduction Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate a red tape reduction strategy</li> </ul>
			<ul style="list-style-type: none"> <li>Quarterly Reports be submitted</li> </ul>	<ul style="list-style-type: none"> <li>Promote the main streaming of LED and investment attraction</li> </ul>
<b>National KPA</b>	<b>Dev. Objective</b>	<b>Dev. Strategies</b>	<b>KPI</b>	<b>Project/Programme</b>
<b>FINANCIAL VIABILITY</b>	<b>A MUNICIPALITY TO BE</b>	Effective and efficient	<ul style="list-style-type: none"> <li>Scanned newly acquired</li> </ul>	<ul style="list-style-type: none"> <li>Effective asset</li> </ul>

<p><b>AND MANAGEMENT</b></p>	<p><b>FINANCIALLY VIABLE AND SUSTAINABLE</b></p>	<p>management and utilization of resources with respect to the financial management legislation and policies.</p>	<p>assets</p> <ul style="list-style-type: none"> <li>• Updated Asset Register continuously</li> <li>• UPGRADED Asset Register System</li> <li>• Asset Management <u>Policy</u></li> <li>• Update Indigent Register</li> <li>• Indigent Verification</li> <li>• Training Ward members</li> <li>• <u>Indigent policy review</u></li> <li>• Implement Credit Control</li> <li>• Operational Debt Collection Agency</li> <li>• Review Credit Control <u>Policy and By-Law</u></li> <li>• Capacitate Three Bid Committees</li> <li>• SCM Policy adherence</li> <li>• Broader communication of SCM Policy (with stakeholders)</li> <li>• Develop local capacity for tendering (an LED Project)</li> <li>• Training internal <u>stakeholders on SCM</u></li> <li>• Develop strategic</li> </ul>	<p>management</p> <ul style="list-style-type: none"> <li>• Proper management of Indigent processes</li> <li>• Effective management and implementation of Credit Control and Debt Management strategies</li> <li>• Improved tender or procurement processes</li> <li>• Develop a Five Year Financial plan</li> </ul>
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			<p>approach</p> <ul style="list-style-type: none"> <li>• Publicity through relevant structures and Council approval</li> </ul>	
		Ensuring prudent budgeting and budget controls	<ul style="list-style-type: none"> <li>• Organised Budget Preparation training before end of Third Quarter</li> <li>• Monitor Training Outcomes continuously</li> <li>• Organised Finance Training before end Quarter Two</li> <li>• Monitor Training Outcomes continuously</li> <li>• Reduction in under/overspending</li> <li>• Monthly Budget Reports to Directorates</li> <li>• Extending Access to the Accounting System (Abakus) by other Directorates</li> <li>• Monthly budget <u>over-spending</u> reports to BTI</li> </ul>	<ol style="list-style-type: none"> <li>1. Training of non finance managers in Budget Preparation</li> <li>2. Training in finance for non finance managers</li> <li>3. Improved monitoring on budget spending</li> </ol>
		Improved revenue enhancement	<ul style="list-style-type: none"> <li>• Revenue raising strategy document</li> <li>• Effective and centralised meter reading</li> </ul>	<ol style="list-style-type: none"> <li>1. Develop and Implement Revenue raising strategy</li> <li>2. Review Tariffs</li> </ol>

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			<ul style="list-style-type: none"> <li>• Accurate Billing (Billing Records)</li> <li>• Improved Billing System (Are municipal accounts understandable?)</li> <li>• Revised Tariffs Policy and By-Law</li> <li>• Conduct Interim Valuation continuously</li> <li>• Revised Rates Policy and By-Law</li> <li>• Increased methods of payment</li> <li>• Increased Paypoints</li> </ul>	<p>Structure and Policy + By-Law</p> <ol style="list-style-type: none"> <li>3. Comply with Municipal Property Rates Act</li> <li>4. Increased payment methods for municipal services</li> </ol>
		Ensure optimum expenditure	<ul style="list-style-type: none"> <li>• Analysis of monthly budget reports</li> <li>• Budget Variance reports availed to all</li> </ul>	<ol style="list-style-type: none"> <li>1. Improved Monthly reporting of Expenditure Trends</li> </ol>
		Compliance to financial reporting requirements	<ul style="list-style-type: none"> <li>• Budget Circulars clearly indicating key deadlines</li> <li>• Budget adopted / approved i.t.o. MFMA</li> <li>• Clearly defined Year-End Procedures</li> <li>• AFS to AG i.t.o. MFMA</li> <li>• Required reports to NT/PT i.t.o. MFMA</li> <li>• Reports to Council i.t.o. MFMA and internal</li> </ul>	<ol style="list-style-type: none"> <li>1. Timeous preparation and approval of Budget</li> <li>2. Timeous preparation of the Annual Financial Statements</li> <li>3. Timeous submission of National Treasury Reports</li> <li>4. Timeous preparation of monthly reports to</li> </ol>

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			<p>policies</p> <ul style="list-style-type: none"> <li>• Unbundling of Asset Register i.t.o. Grap</li> <li>• Review Accounting Policy</li> <li>• Bank reconciliations prepared + reported quarterly</li> <li>• Monitor legal compliance matters</li> <li>• Implementation of Audit Action Plan</li> <li>• Annual Report Chapter and other Financial Related Information</li> <li>• Arrange Training Courses</li> </ul>	<p>Council Committees</p> <ol style="list-style-type: none"> <li>5. Grap/Gamap compliance</li> <li>6. Reduction of audit qualifications on financial matters</li> <li>7. Facilitate preparation of an Annual Report</li> <li>8. Training / Upgrading / Capacitating Finance Staff on financial matters</li> </ol>
		Creating and promoting awareness on financial matters	<ul style="list-style-type: none"> <li>• Monthly communiqué with External Stakeholders</li> <li>• Continuous communiqué with internal stakeholders</li> <li>• Educate Ward Committees / NGO's / Councillors on financial matters</li> </ul>	<ol style="list-style-type: none"> <li>1. Inform and educate stakeholders on financial matters</li> <li>2. Educating interested parties on municipal financial policies</li> </ol>
<b>KPA 5: PUBLIC</b>	<b>Enhanced public participation and</b>	Maximising community and stakeholder	<ul style="list-style-type: none"> <li>• Number of consultation</li> </ul>	<ul style="list-style-type: none"> <li>• IDP Review Processes</li> </ul>

<b>PARTICIPATION &amp; GOOD GOVERNANCE</b>	<b>engagement to ensure service delivery according to developmental local government principles</b>	engagement in IDP & budget processes	meetings in line with the approved process plan. <ul style="list-style-type: none"> <li>• Number of public participation meetings as per Process plan</li> <li>• Each and ward and every ward must have its consultation meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Budget consultation meeting</li> <li>• Sectoral consultations, e.g. Traditional healers, Churches</li> </ul>
		Maximise internal and external Communication to achieve service excellence	<ul style="list-style-type: none"> <li>• Communication strategy in place</li> <li>• Media &amp; stakeholders liaison promoted</li> <li>• Internal and external communication processes identified and implemented</li> <li>• Communication of the benefit of the service delivery programmes and opportunities to stakeholders Makana News, Radio slots</li> </ul>	<ul style="list-style-type: none"> <li>• IDP Information management system</li> <li>• Promotion of Inter Gov. Relations</li> <li>• Communication system of participatory governance</li> <li>• Corporate branding</li> <li>• State of Nation Events and official Council Opening</li> <li>• Website management</li> <li>• Community Based Planning</li> <li>• Integrated government communication services</li> </ul>

			<ul style="list-style-type: none"> <li>• Customer services charter in place</li> <li>• Update websites</li> <li>• Development of Broad Public Participatory Policy</li> <li>• CBP Rollout plan and implementation</li> </ul>	
		Improved effectiveness and efficiency of Ward committees	<ul style="list-style-type: none"> <li>• Reports from ward committees meetings are submitted to Council.</li> <li>• Ward committee meetings annual schedule is developed.</li> <li>• Development of training plan and implementation thereof for councillors</li> </ul> <ul style="list-style-type: none"> <li>• Numbers of ward with ward profile by end of the financial year</li> </ul>	<ul style="list-style-type: none"> <li>• Functionality of ward committee</li> <li>• Capacity building ward Committee</li> <li>• Capacity building of Councillors</li> <li>• Ward based plan programme</li> <li>• Review of efficiency and function of ward committees</li> </ul>

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	<p><b>Enhanced service delivery by improving organisational performance</b></p>	<p>Effective monitoring and evaluation of organisational performance</p>	<ul style="list-style-type: none"> <li>• Municipal and Directorate Scorecards are developed and reported quarterly.</li> <li>• M&amp;E Framework to be developed by September 2010.</li> <li>• TQM Roll plan is developed and implemented there after December 2010.</li> <li>• Audit action plan is implemented and reported quarterly.</li> <li>• Oversight Committee meet as required and provide report.</li> <li>• Adhere to provincial Annual report guideline.</li> </ul>	<ul style="list-style-type: none"> <li>• Developed of Municipal and Directorate Scorecards</li> <li>• M and E Framework</li> <li>• Reviving of TQM</li> <li>• Clean audit</li> <li>• Functional Audit Committee</li> <li>• Functional Oversight Committee</li> <li>• Improve Annual Report compilation</li> </ul>

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	<b>Strategic profiling of legal services</b>	Streamlining of legal services	<ul style="list-style-type: none"> <li>• Reduction in no of litigation cases</li> <li>• Reduction in litigation costs</li> <li>• Contract management system</li> <li>• Guidelines for referrals</li> </ul>	<ul style="list-style-type: none"> <li>• Litigation Management</li> <li>• Legal Advisory Services</li> <li>• Contracts Development</li> <li>• Contracts Management</li> </ul>
	<b>A conducive environment is created for vulnerable groups to participate and benefit in socio-economic development</b>	Promote socio and economic development of venerable groups	<ul style="list-style-type: none"> <li>• Guidelines for Venerable groups</li> </ul>	<ul style="list-style-type: none"> <li>• Clarification role of SPU</li> </ul>
			<ul style="list-style-type: none"> <li>• Numbers of groups identified and establish</li> </ul>	<ul style="list-style-type: none"> <li>• Mobilised groups</li> </ul>
			<ul style="list-style-type: none"> <li>• Number partnership created</li> </ul>	<ul style="list-style-type: none"> <li>• Create partnership s</li> <li>•</li> </ul>
			<ul style="list-style-type: none"> <li>• Implementation of Gender mainstreaming framework.</li> <li>• Implementation HIV/Aids plan</li> <li>• Implementation of youth summit resolutions</li> </ul>	<ul style="list-style-type: none"> <li>• Mainstreaming</li> </ul>

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		Effective implementation and management of rural development outreach programmes	<ul style="list-style-type: none"> <li>• Household survey and Situational analysis is conducted by September 2010.</li> <li>• Implementation of Rollout plan</li> </ul>	<ul style="list-style-type: none"> <li>• Household survey</li> <li>• Situational analysis</li> <li>• Rollout plan</li> </ul>
		Effective implementation and management of relief assistance	<ul style="list-style-type: none"> <li>• Policy reviewed by September 2010</li> </ul>	<ul style="list-style-type: none"> <li>• Review of grants and donation policy</li> </ul>
		Promotion of Arts and Cultural events	<ul style="list-style-type: none"> <li>• Development and implementation of action plan</li> </ul>	<ul style="list-style-type: none"> <li>• Rugby Tournament</li> <li>• Mind Games</li> <li>• Indigenous sport</li> <li>• Science Festival</li> <li>• Commemoration events</li> <li>• National Arts festival</li> <li>• Easter Ruby Festival</li> <li>• Makana Festival</li> <li>• Other sporting codes</li> </ul>
	<b>Mainstreaming of HIV/Aids</b>	Develop a Mainstreaming Plan	<ul style="list-style-type: none"> <li>• Number of support provided quarterly</li> <li>• Directorate representative to be part of the LAC</li> </ul>	<ul style="list-style-type: none"> <li>• Support to LAC</li> <li>• Roll-out Plan</li> <li>• Capacity building preventative action</li> <li>• Support to vulnerable groups through</li> </ul>

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				referrals
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## **CHAPTER 4 :INTEGRATION**

This chapter has not been revised yet they the progress will be assessed during the Institutional Strategic Planning session except the financial plan.

### **4.1 INTRODUCTION**

To ensure that the IDP address all strategic issues relevant to any effective municipality, the following section offers a comprehensive list of issues discussed during the IDP process.

The integration phase represents the institutional readiness for implementation.

This chapter deal with the:

Part 1: Institutional and Human resources plan 2009-2010(**Attachment at end**)

Part 2: Daft Budget/ Financial Plan 2009/2010

Part 3: Sector Plans

### **4.2 PART 1: INSTITUTIONAL AND HUMAN RESOURCES PLAN**

- **Currently being Revised**

### **4.3 PAR T 2 DRAFT BUDGET/FINANCIAL PLAN 2010/2011**

(ATTACHED DOCUMENT AT END)

### **4.4 PART 3 SECTOR PLANS**

#### **4.4.1 MAKANA MUNICIPALITY SPATIAL DEVELOPMENT FRAMEWORK (SDF)**

The Municipal Systems (Act 32 of 2000) requires Municipalities to prepare Spatial Development Framework Plan. The Spatial Development Framework must be consistent with applicable National or Provincial Legislation and give effect to National and Provincial plans and Planning Legislation in terms of section 18 of the Land Use Management Bill. SDF is a visual presentation of priority areas in a Municipal area where strategic intervention is required in terms of the Integrated Development Plan (IDP) National Planning Legislation used in formulating this SDF include;

- Local Government Municipal Systems Act
- Development Facilitation Act
- Land Use Management Act
- National Environmental Management Act
- National Spatial Development Perspective

The purpose of this SDF is to co-ordinate and to optimize human activities, which require physical space and/or have an impact on it. Spatial development planning is a public sector function which creates public investment and regulatory frameworks within which private sector decision-making and investment can occur. These frameworks are known as Spatial Development Frameworks.

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The primary purpose of the Spatial Development Framework is to represent the spatial development goals of a local authority that result from an integrated consideration and sifting of the spatial implications of different sectoral issues. The Spatial Development Framework should not attempt to be comprehensive. It should take the form of a broad framework that identified the minimum public actions necessary to achieve the direction of the plan. It must have sufficient clarity to guide decision-makers in respect of development applications. It should describe the existing and desired future spatial patterns that provide for integrated, efficient and sustainable settlements.

The study area for Makana SDF includes all the land portions under the jurisdiction of Makana Municipality as defined by the demarcation board.

This document consists of the following components.

- **Description of the study area** – provide a status quo description of the study area with specific reference to settlement hierarchy and the resulting demographic and socio-economic profile.
- **Legislative and policy context** – The Makana SDF is produced and implemented within a specific legislative and policy context. This section explores the various pieces of legislation and government policies which provide direction to SDF formulation and implementation.
- **Guidelines for desired spatial form** – Desired spatial form is defined as the optimum or ideal combination of land uses to meet all the needs of the residents of a town/city.
- This section identifies policy statements which describe such a desired spatial form and includes guidelines for land use management within Makana Municipality.
- **Nodal Development Plans** – These plans enable the abovementioned guidelines to be applied in addressing the spatial needs of the residents in each node.
- **Capital investment framework** – This component consists of a framework of projects which will facilitate the desired spatial form applicable in each node and the municipality as a whole.

An initial assessment of the spatial planning needs of the municipality revealed the following shortcomings:

- Inadequate “mapping” of the municipal area.
- No policy/guidelines to address rural residential development
- No accessible record of land ownership
- Limited access to environmental sensitivity information
- Inadequate and lacking zoning scheme maps
- Immediate need to identify land for additional housing
- Pressure for development in both environmental and agricultural sensitive areas.

Having regard for the above the focus of this document has not been to comply with all the requirements of a complete spatial development framework but has been to provide the municipality with the following:

- Broad guidelines to enable the municipality to assess land development proposals
  - Identify strategic land parcels which are to be accessed or utilized for future land requirements.
  - Establish the policy framework for a land use management mechanism
  - Prepare base-mapping for all primary and secondary nodes.
  - Broadly address future land development in all nodes.
-

- Identify areas where planning funding is to be focused.
- An assessment of additional information required to continue the formulation of Spatial Development Framework.

#### **4.4.2 MAKANA MUNICIPALITY WATER SERVICES DEVELOPMENT PLAN**

##### **(WSDP)**

The Water Services Development Plan (earlier referred to as the WSDP) is written and compiled as a legislative measure in order to comply with the terms of the Water Services Act (Act 108 of 1997) in consensus with the National Water Act (Act No. 36 of 1998). Section 14 of the Water Services Act requires that Water Authority must make reasonable steps to bring its draft WSDP to the notice of a number of different stakeholders so that they have the opportunity to comment on it. Section 15 of the Act requires that Water Services Authority must supply a copy of the WSDP to the Minister of Water Affairs and Forestry, Minister of Provincial and Local, Government, Relevant Province and all neighbouring WSA's.

The primary responsibility for ensuring the provision of water services rests with the Water Services Authority. Specifically, this includes:

- Ensuring access: They must ensure the realization of the right of access to the water services, particularly basic water services (subject to available resources) by seeing that appropriate investments in water services infrastructure are made.
- Planning: They must prepare water services development plans to ensure effective, efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development.
- Regulation: They must regulate water services provision and Water Services Providers within their areas of jurisdiction and within the policy and regulatory frameworks set by DWAF through the enactment of by-laws and the regulation of contract.
- Provision: They must ensure the provision of effective, efficient and sustainable water services (including water conservation and demand management), either by providing water services themselves, or by selecting, procuring and contracting with external Water Services Provider (see below). The provision of water services also includes communication activities related to amongst other things, gender-sensitive hygiene promotion and the wise use of water.

#### **THE FUNCTIONS OF WSP CAN BE OUTLINED AS FOLLOWS:**

- Duty to provide water services: The main duty of water services providers is to provide water services providers is to provide water services in accordance with the Constitution, the Water Services Act and the by-laws of the Water Services Authority, and in terms of any specific conditions set by the Water Services Authority in contract.
  - Effectiveness and efficiency: Water services providers must provide water services in an effective and efficient manner, striving to meet and exceed recognized best-practice benchmarks.
  - Consumer Charter: All water services providers must publish a consumer charter which is consistent with by-laws and other regulations, which is approved by the Water Services Authority, and includes the duties and responsibilities of both the water
-

services provider and the consumer, including the conditions of the supply of water services and payment.

- Consumer relations: Water services providers must communicate the contents of the Consumer Charter with all consumers to whom they provide services. All water services providers must make themselves accessible to consumers and provide the necessary facilities to receive consumer payments, queries, complaints and suggestions for improvements.
- Consumer-friendly billing: Water services providers must present consumers with accounts which are clear and easy to understand.

**The WSDP contains the following profiles:**

### **Socio-Economical Profile**

This profile indicates present population and population growth rates, age and gender profile, demographic trends and migration patterns and unemployment rate.

### **Service Level Profile**

This profile deals with levels of services, types of services and residential consumer units. Basic water supply defined as a minimum of 25 litres per person per day, at a minimum flow rate of not less than 10 litres per minute within 200 metres of a household.

### **Water Resource Profile**

This profile deals with situational assessment of water sources, water quality assessment and water abstraction from sources.

### **Water Demand Management and Conservation**

Water demand management is defined as the adaptation and implementation of a strategy by a water institution to influence the water demand and usage of water in-order to meet any of the following:

- Economic efficiency
- Social development and
- Sustainability of supply

Water conservation is the minimization of loss or waste, the care and protection water resources and the efficiency and effective use of water.

### **Water Services Infrastructure Profile**

This profile deals with the situational assessment of water services infrastructure, existing infrastructure and existing ground water infrastructure.

### **Water Balance**

It includes amount of Bulk Water abstracted, uncontrolled volume of supply and physical water losses.

### **Institutional Arrangements Profile**

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This profile deals with situation assessment, WSA Capacity Development, by-laws affecting Water Services and Water Services Providers.

### **Customer Services Profile**

Customers' experience of the delivery of Water Services is not restricted to what level of services they receive, but included the quality of service rendered.

### **Financial Profile**

This profile deals with analysis of Capital Funds for Water Services, Capital Expenditure and Capital Income.

### **List of Project**

A review of the projects list indicates that the greater percentage of the project values are sanitation related projects, which correlate well with the Backlog Study conducted in September 2005. This shows that the emphasis of the projects is on the eradication of the sanitation backlog within the Municipality.

Additional projects identified during the compilation of WSDP regarding the development of Plans and Programmes in order for the WSA/WSP to be in compliance with the various acts, as well as ensuring an effective and efficient water service need to be catered for in the IDP documents as

## **4.4.3 THE INTEGRATED WASTE MANAGEMENT PLAN**

### **BACKGROUND.**

The Cacadu District Municipality appointed KV3 Consulting to assist with the compilation of the Integrated Waste Management Plan (IWMP) for the Makana Municipality.

The compilation was done in line with the Starter Document for Guidelines for the compilation of IWMP's (DEAT 2000). The process of compiling the IWMP consisted of two phases.

Phase 1 involved an assessment of the current status of waste collection systems and existing disposal sites, service delivery capacity and a needs analysis of each aspect.

Phase 2 comprised the actual compilation of the IWMP.

The Status Quo investigation of the waste management section considered each of aspects of service delivery by the Makana Municipality as shown in the following table:

<b>SERVICE CATEGORY</b>	<b>SERVICE ASPECT CONSIDERED</b>
Refuse removal	Waste generation, collection system, collection equipment, personnel, residential, commercial, garden refuse and builder rubble, medical and hazardous waste

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Street Cleansing	Regularity of service, equipment and personnel
Landfill Sites, Transfer Stations and Bulk Containers	Waste generation, collection and transportation, personnel, equipment, landfill operation and garden refuse

### **STUDY AREA.**

The following towns and areas formed part of the study:

- Grahamstown
- Alicedale
- Riebeeck East

### **OBJECTIVES OF THE PLAN.**

- It sets out how the municipality intends to provide for minimization of waste
- It further sets out how the municipality intends to address delivery of waste management services to residential areas
- It indicates the financial resources required to give effect to the implementation
- It defines the role and responsibility of the municipality to the National Waste Management Strategy

### **FOCUS AREA:**

Based on the gaps and needs identified, the plan focuses on 7 areas:

1. Disposal Infrastructure Development
2. Waste Collection Infrastructure
3. Institutional Capacity and Human Resources
4. Financial Resources
5. Dissemination of information/communication
6. Management of illegal dumping activities
7. Waste minimization

### **RECOMMENDATIONS AND CONCLUSION:**

- A Waste information system should be implemented by the municipality
  - Community awareness campaigns should be implemented to educate communities on responsible waste management
  - The municipality should promote recycling and or waste minimization
  - The municipality should improve removal of illegally dumped waste
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- A fleet replacement plan should be compiled
- Communication channels with waste generators should be established.

#### **4.4.4 DISASTER MANAGEMENT FRAMEWORK PLAN**

***To establish a framework for the implementation of the provisions of the Disaster Management Act ( Act No. 52 of 2002 ) as well as the Systems Act ( Act No.32 of 2000 )***

Disaster Management encompasses a continuous, integrated, multi-sectoral and multi-disciplinary process of planning and implementation measures incorporating strategies for pre-disaster risk reduction as well as post disaster recovery, aimed at:

- Preventing or reducing the risk of disasters
- Mitigating the severity of consequences of disaster
- Emergency preparedness
- Rapid and effective response to disasters
- Post disaster recovery and rehabilitation

#### **THE MAKANA MUNICIPALITY DISASTER MANAGEMENT FRAMEWORK**

- The Executive Mayor will implement the framework.
- The Mayor will be the custodian of the plan.
- Each Department will be responsible for compiling and maintaining their own plan (integral part of IDP)
- Makana Municipality Plan will be an integral part of the Cacadu Disaster Management Plan.
- The concept of the Disaster Continuum is to indicate that Disasters and its management are a continuum of inter-linked activity and not a series of events, which starts and stops with each disaster occurrence. It is also important to understand that segments generally overlap and/or merge. Some response activities may be initiated prior to disaster impact, which is within the preparedness segment. Therefore it is very important for Departmental Plans to be compiled in accordance with the concept of the continuum.

#### **THE PLANNING FRAMEWORK**

The concept of producing a Disaster Management Plan which provides a strategic blue print of the Makana Municipality's arrangements, and then expanding the corporate plan

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by addition of various annexes detailing the multi-sectoral and multi-disciplinary measures, is considered the most practical and workable approach.

## **DISASTER MANAGEMENT AND THE IDP**

The fundamental process that will ultimately inform and underpin both the Integrated Development Planning and the Disaster Management Planning processes of the Municipality is a thorough risk and vulnerability analysis. The result of the analysis leads to the development of risk profiles, which in turn enable the identification of priorities for key output goals aimed at risk elimination and risk reduction.

The Disaster Management Plan forms a core component of Makana Municipality's Integrated Development Plan in terms of the requirements of Section 26(g) of the Municipal Systems Act ( Act No.32 of 2000 ), as well as Section 53(2)(a) of the Disaster Management Act, 2002.

In view of the fact that Disaster Management is a cross-sectional task which, in a similar way to environmental issues, relates to a wide range of sectors and aspects such as avoiding settlements or investments in high risk locations, construction technologies, water management, health services etc., it is not an issue that can be dealt with by a special project, but it requires that any developmental measures are compliant with basic principals of disaster prevention and mitigation.

## **THE RISK PROFILE OF MAKANA MUNICIPALITY**

A risk and vulnerability analysis is necessary to inform and underpin the plan. The entire aim and activities is planned according to the hazards identified in a risk and vulnerability analysis. Potential benefits, i.e. saving of life, property and infrastructure and protecting the environment will be the criteria that will decide prioritisation of projects and programmes. Generic lists of hazards that pose highest risk in Makana Municipal area are as follows:

Fire, Flooding, Epidemics, Explosion / Hazmat incidents, severe weather conditions, conflict. Elements worst at risk in Makana Municipal area as listed based on information received:

Fires and floods in informal settlements due to living conditions and other root causes. Informal settlements have erupted around Makana Municipality at an alarming rate during the last few years. Guidelines for handling floods and fires in informal settlements are in place to deal with the problems associated with these types of hazards with regard to response, preparedness and mitigation. There is programs based on mitigation this hazard by relocating vulnerable communities to RDP Housing and proper sites, i.e. Vukani and Mayfield housing program.

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Fires in the CBD of Grahamstown based on processes in undertaking training, development and construction.

Major fires in the CBD usually relates to poor housekeeping, improper maintenance and or lack of fire prevention equipment, non-compliance with National Building regulations and lack of knowledge or information on fire combating in the work place. Preventative measures such as compliance to building regulations, safety regulations, staff or community training and development is required to mitigate the effects of this hazard.

The communities in the rural areas of Makana Municipality are most likely to fall victims to runaway veldt fires due to their living conditions, sitting and landscape. The causes of these fires are normally the following:

1. Extremely dry and dense vegetation.
2. Rubbish dumps
3. Wrongly executed control burning.
4. Lacking knowledge of the reaction of fire to different weather conditions.

**Preventative measures for veldt fires can be listed as follows:**

1. Proper and well planned control burning and firebreaks.
2. Good co-operation and communication between farming neighbours.  
(Formation of Fire Protection Association to comply with National Veldt and Forest Fire Act)
3. Clearing away areas around buildings.
4. Training farm workers.
5. Availability of efficient and well-maintained fire fighting equipment. Epidemic risk to communities living in unhealthy conditions in informal settlements.

With the above list of hazards at mind, there is a need for clear and concise planning for risk reduction, prevention and mitigation.

**Hazards Identified as Possible Threats in the area of Makana Municipality**

CATEGORY	DESCRIPTION
Floods	Flash

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Fires	Domestic, Veld, Forest
Strong winds	Tornadoes, Gale Force
Health	Epidemics
Severe storms	Lightning
Accidents	Road, Rail, Air
Environmental Pollution	Hazardous material spill / waste land,etc.
Mass Events	Structural Collapse, crown related, fire

***Cacadu Disaster Management Centre has appointed Rural Metro as a service provider to do a Risk Assessment of all Municipalities within the Cacadu District.***

#### **4.5.5 AREA BASED PLAN**

##### ***MAKANA LOCAL MUNICIPALITY AREA BASED PLAN & LAND AVAILABILITY AUDIT***

Combined initiative between the Department of Land Affairs and the Cacadu District Municipality

- Land Availability Audit (Sustainability) Cacadu District Municipality
- Department of Land Affairs Area Based Plan (Land Reform)

#### **1. Project objective:**

##### **A. Land Audit (CDM)**

Land issues pertaining specifically to existing settlements within the District in relation to the identification of land to best determine the location for housing developments and support services

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B. Area Based Plan (DLA)

Land issues pertaining specifically to the rural component of the District in relation the identification of land for the possible expansion of agricultural development in conjunction with the principles as contained within the DLA's land redistribution program (PLAS)

**2. Area based Planning Processes**

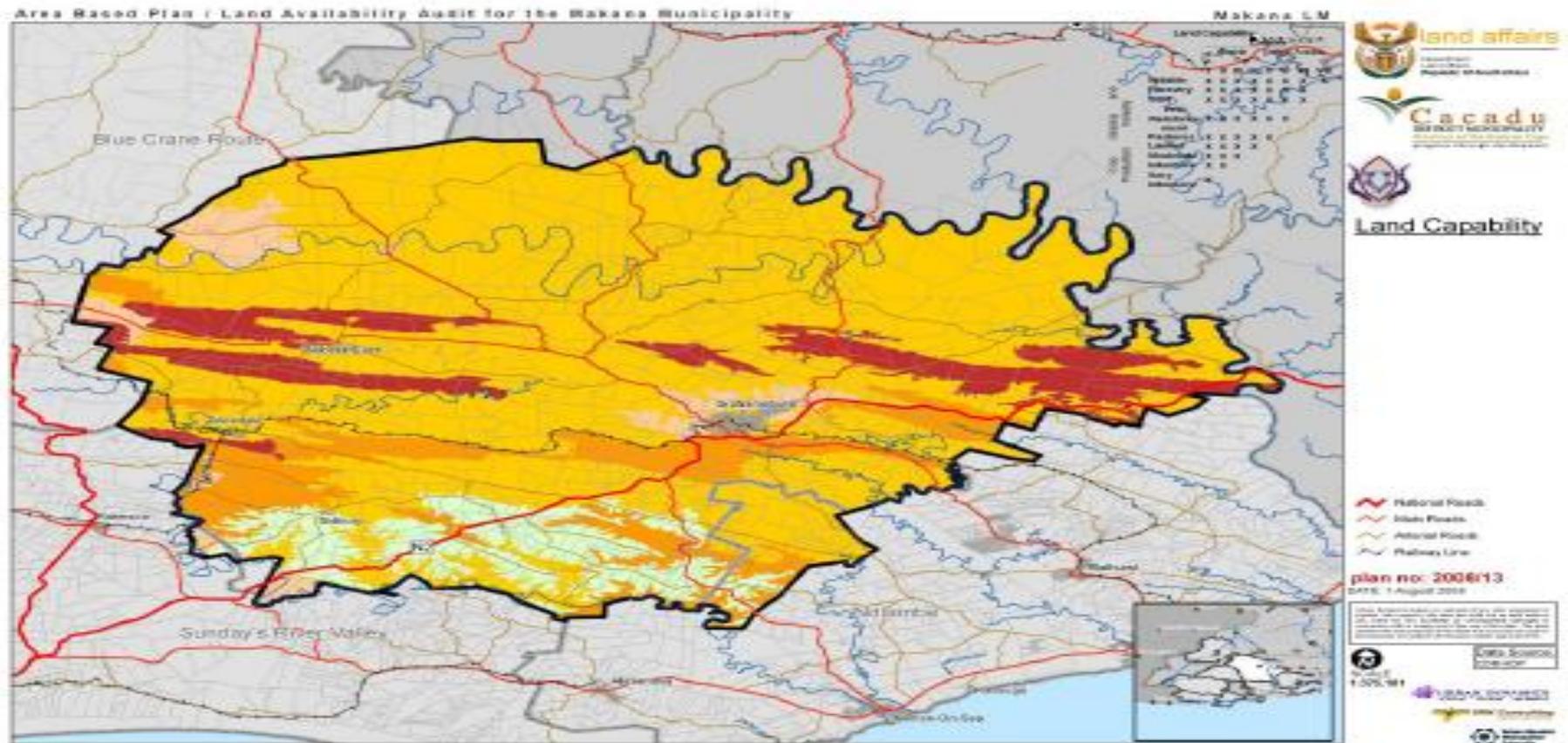
Preparation for ABP

- Phase 1      Situation Analysis
- Phase 2      Vision/ Strategy formulation and conceptualization of focus areas
- Phase 3      Projects identification and definitions of programs
- Phase 4      Approval

**3. Makana Municipality: Area Based Plan Report Structure**

- Chapter 1 : Introduction
  - Chapter 2 : Status Quo Overview
  - Chapter 3 : Land Reform and Settlement Framework
  - Chapter 4 : Key Focus Areas for Land Reform
  - Chapter 5 : Project Register
  - Chapter 6 : Implementation and Way Forward
-

#### 4. LAND CAPABILITY IN THE MAKANA MUNICIPALITY



5. STATUS QUO: LAND OWNERSHIP

Urban Land Ownership

Local Municipality	Other		LM Land		CDM Land		State Land		Private	
	Parcels	Area (Ha)	Parcels	Area (Ha)	Parcels	Area (Ha)	Parcels	Area (Ha)	Parcels	Area (Ha)
Makana	73	46	1041	2842	0	0	509	530	15545	3381
<b>DM Total</b>	<b>211</b>	<b>451.8918</b>	<b>11082</b>	<b>20037.88845</b>	<b>65</b>	<b>17.7808</b>	<b>4072</b>	<b>2588.62</b>	<b>85584</b>	<b>71285.22</b>

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Rural Land Ownership

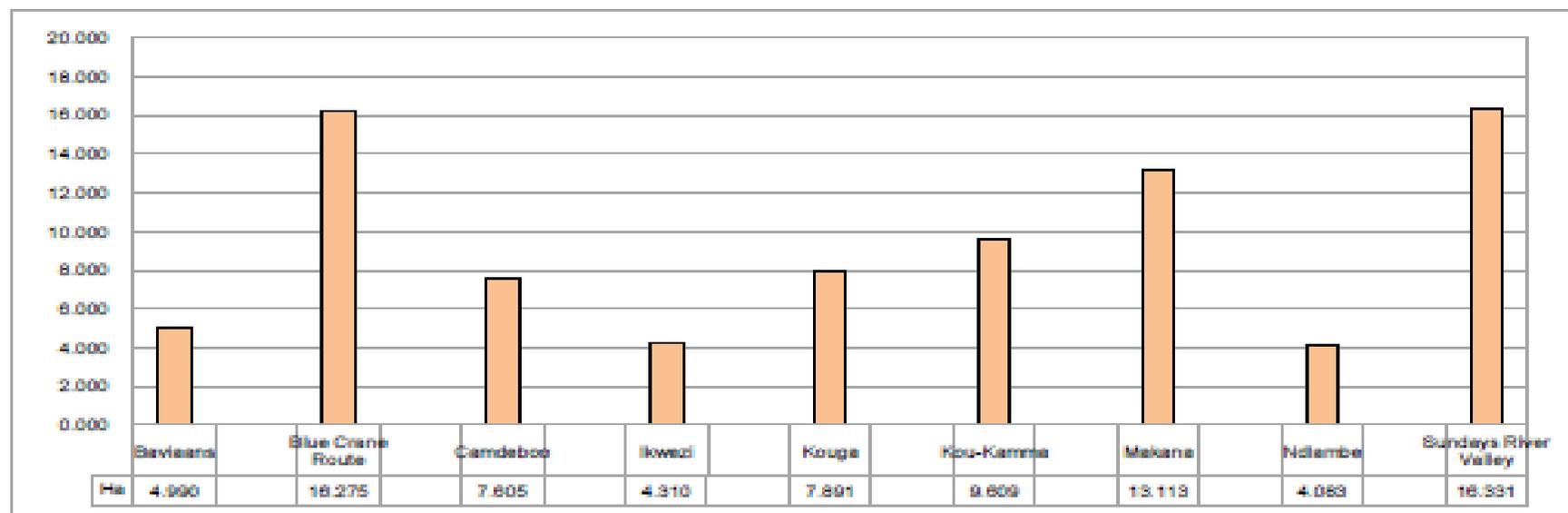
Local Municipality	Other		LM Land		CDM Land		State Land		Private	
	Parcels	Area (Ha)	Parcels	Area (Ha)	Parcels	Area (Ha)	Parcels	Area (Ha)	Parcels	Area (Ha)
Makana	32	236	24	3210	3	252	54	20635	1124	396135
<b>DM Total</b>	<b>693</b>	<b>4530.23</b>	<b>228</b>	<b>23533.55</b>	<b>52</b>	<b>2334.53</b>	<b>895</b>	<b>312122.53</b>	<b>15293</b>	<b>5281108.86</b>

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6. REDISTRIBUTION STATUS: STATUS OF LAND REFORM IN THE MAKANA MUNICIPALITY:

Status of Land Reform Programmes

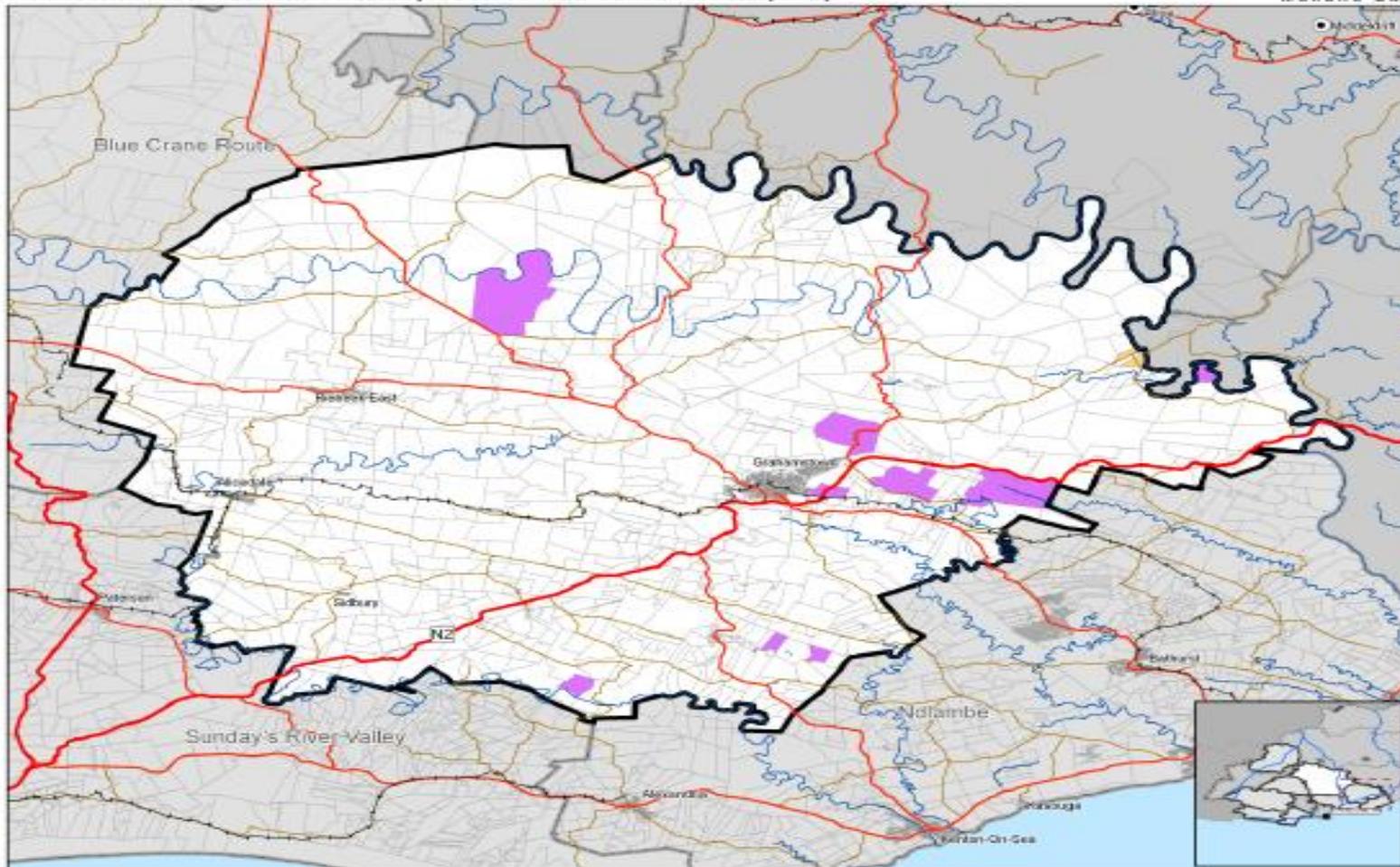
District Municipality	Grants/ Beneficiaries	Land Price in R	Total Project Cost in R	Total Exp to date in R	Grant Approved in R	Ha	% Ha of total	% Grant Approved per Municipality	Average Grant approved / beneficiary in R	Average Land Price per ha in R
Makana	710	47,159,340	5,695,311	9,327,963	6,539,970	13,113	15.57	4.25	9,211	3,596
<b>Cacadu Total</b>	<b>8,853</b>	<b>373,129,684</b>	<b>252,064,950</b>	<b>130,636,078</b>	<b>153,767,909</b>	<b>84,208</b>	<b>100.00</b>	<b>100.00</b>	<b>17,369</b>	<b>4,431</b>



#### 4. LAND AVAILABILITY AUDIT FOR MAKANA MUNICIPALITY

Area Based Plan / Land Availability Audit for the Makana Municipality

Makana LM



**land affairs**  
Department of Land Affairs  
Republic of South Africa

**Cacadu**  
DISTRICT MUNICIPALITY  
Department of the Premier, Deputy Premier, Portfolio Committees

**Land Redistribution (Capex)**  
Status of Application

- Approved
- Conveyancing
- Design
- Transferred

National Roads  
 Main Roads  
 Arterial Roads  
 Railway Lines

**plan no.: 2008/18**  
 DATE: 1 August 2008

Data Source:  
 Deeds Office  
 P.A.

SCALE  
 1:375,000

URBAN DYNAMICS  
 BAA Consulting  
 Makana Municipality

8. LAND REDISTRIBUTION TARGET: EXCLUSIONS

❑ Redistribution Exclusions

Local Municipality	State Owned Land (Rural) Including National Parks	Municipal Owned Land (Rural)	Para-statal Owned Land (Rural)	Conser-vancies	Game Farms	Urban Land	Restitution Land (Rural)	Total Exclusions
Camdeboo	14237	0	0	122999	28584	34993	5500.31	206314.29
Blue Crane Route	26111	1686	398	108688	26063	13337	0.00	176285.37
Ikwezi	14665	5748	129	41309	0	5189	6118.62	73162.03
Makana	20635	3463	236	22052	80659	6801	25240.29	159089.54
Ndlambe	1524	3262	152	0	12932	13244	1244.81	32362.08
Sundays River Valley	74324	529	817	0	19459	1157	9918.61	106207.12
Bavlaans	64391	1646	226	35481	10665	6389	1566.94	120368.17
Kouga	17916	4144	1606	14123	3547	7769	2469.26	51577.55
Kou-Kamma	44824	5293	532	0	361	3500	2138.79	56650.77
District Managed Area	33491	92	429	41539	35813	1957	4001.58	117324.99
<b>Totals</b>	<b>312122.78</b>	<b>25888.08</b>	<b>4530.23</b>	<b>388194.24</b>	<b>218088.20</b>	<b>94339.18</b>	<b>58199.21</b>	<b>1099341.92</b>

The following targets are based on the original mandate to redistribute 30 % of agricultural land by 2014. The timeframe has subsequently been revised to 2025.

**Redistribution Status and Targets**

Local Municipality	Land Area	Total Exclusions	Remaining Land Available (White Owned)	30% Target	Land Redistribution 1994- 2008	Remaining Target	%Achieved
Camdeboo	722993	206314	516678	155003	7605	147398	5.16%
Blue Crane Route	983557	176285	807271	242181	16274	225906	7.20%
Ikwezi	445313	73162	372151	111645	4310	107335	4.02%
Makana	437561	159089	278472	83541	13113	70428	18.62%
Ndlambe	184064	32362	151702	45510	4083	41427	9.86%
Sundays River Valley	350790	106207	244583	73375	16228	57146	28.40%
Baviaans	772706	120368	652338	195701	4990	190711	2.62%
Kouga	241941	51577	190363	57109	7890	49218	16.03%
Kou-Kamma	357371	56650	300720	90216	9609	80607	11.92%
District Managed Area	1328029	117324	1210704	363211	0	363211	0.00%
<b>Totals</b>	<b>5824329.81</b>	<b>1099341.92</b>	<b>4724987.89</b>	<b>1417496.37</b>	<b>84105.56</b>	<b>1333390.81</b>	<b>6.31%</b>

□ Land Demand and Settlement Framework (Subsidised Housing)

LM	Town / Settlement	Settlement Level (Revised)	Housing demand (short / medium term) (SDF/IDP)	Land Identified by SDF (ha)	Units at Optimal Density	Over / Under Provision
Makana	Riebeeck East	Level 1	450	9.93	298	-152
	Allcedale	Level 1	450	37.07	1112	662
	Grahamstown	Level 3	12000	792.34	23770	11770
	<b>Total</b>			<b>12900</b>	<b>839.34</b>	<b>25180</b>

9. SETTLEMENT FRAMEWORK

- Optimal density is based on approximately 30 units per ha.
  - Level 3 settlements can accommodate approximately 71 000 subsidised housing units at optimal density.
  - Level 2 settlements can accommodate approximately 34 000 subsidised houses.
  - The principle of densification, prevention of urban sprawl and settlement of areas of optimum return should be promoted on Provincial, District and Local Level.
  - Future strategies for land acquisition through the Department of Land Affairs should be based on the ABP Settlement Framework.
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10. IMPLEMENTATION STRATEGY FOR MAKANA

DLA Pledges 2008/9

LM	Project	Registration Division	Project Type	Phase	Number of Beneficiaries	Budget (Capital)		Purchase Price	Extent (ha)	Comments
						Pledge				
<b>Makana</b>							<b>R 19 000 000.00</b>		<b>1 500</b>	
	Amabamba Trading Cooperative	Albany	PLAS	Conveyancing	5		R 3 402 540.00	R 3 402 540.00	393	Attorneys effecting transfer
	Siphumelela	Albany	PLAS	Design	14		R 10 500 000.00	R 10 500 000.00	909	Awaiting business Plan
	Them bani farming services	Unknown	Unknown	New	25		R 2 500 000.00	R 4 054 000.00	343	New Project - uncertain
	<b>TOTAL</b>						<b>R 16 402 540.00</b>	<b>R 17 956 540.00</b>	<b>1 645</b>	

## 11.

### **WAY FORWARD**

- The ABP Initiative was implemented as an annual review process to be co-ordinated by DLA;
  - It is regarded as an opportunity for public and private entities to contribute and influence land reform in their immediate areas;
  - In order to ensure ongoing maintenance and immediate implementation of the ABP and LAA the CDM intends formulating an 'easy to use' electronic interface to ensure accessibility to relevant 'land' information at a local level
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